

# Office of the State Auditor

## Fourth Semi-Annual Report

August - December 1988

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Commonwealth of Massachusetts

A. Joseph DeNucci, Auditor







# The Commonwealth of Massachusetts

## AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

A. JOSEPH DeNUCCI  
AUDITOR

TEL. (617) 727-2075

April 1989

His Excellency Michael S. Dukakis, Governor  
Honorable William M. Bulger, President of the Senate  
Honorable George Keverian, Speaker of the House of Representatives  
Honorable Patricia McGovern, Chairman of the Senate Ways and Means Committee  
Honorable Richard A. Voke, Chairman of the House Ways and Means Committee  
Honorable Members of the General Court:

I am pleased to submit herewith the fourth Semi-Annual Report of Audit Results and Activities of the Office of the State Auditor.

This report marks the halfway point in my first term as Auditor of the Commonwealth. My efforts over the past two years have been directed toward making the Office of the State Auditor a catalyst for fiscal, administrative, and programmatic improvement in state government through audit report recommendations, specialized technical assistance, and legislative initiatives. Towards that accomplishment, the Office of the State Auditor has audited 1,051 entities and has issued a total of 626 audit reports.

My emphasis in this latest report is on revenue enhancement opportunities. I have included a section on revenue audit reports, which details findings and recommendations from my December audit report on the controlling and monitoring of non-tax revenues, as well as results from other comprehensive reviews of agency compliance with year-end closing instructions for cash and revenue management and for encumbrance and advance-fund management.

The Semi-Annual Report continues, of course, to present a complete review of audits issued during the report period (August through December, 1988), a delineation of corrective actions taken in response to audit report recommendations, and a review of mandate determinations completed by the OSA's Division of Local Mandates.

Copies of individual audit reports are available through my Office of Intergovernmental Relations (727-2075).

In submitting this report, I would like to thank agency officials, the Administration and members of the Legislature for supporting my initiatives. I look forward to continuing to work with you to improve the quality of state government and the services that the Commonwealth provides to its citizens.

Sincerely,

*A. Joseph DeNucci*  
A. Joseph DeNucci  
Auditor of the Commonwealth

# The Commonwealth of Massachusetts

## AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON



1897

1897

REPORT OF THE AUDITOR OF THE COMMONWEALTH  
FOR THE YEAR 1897  
IN RESPONSE TO A RESOLUTION OF THE SENATE  
PASSED MARCH 10, 1897  
AND A RESOLUTION OF THE HOUSE  
PASSED MARCH 10, 1897

ALFRED W. HARRIS, Auditor of the Commonwealth.

The report of the Auditor of the Commonwealth for the year 1897 is herewith submitted to the Senate and House of Representatives. It contains a statement of the receipts and disbursements of the Commonwealth for the year, and a statement of the assets and liabilities of the Commonwealth at the close of the year.

The report also contains a statement of the receipts and disbursements of the Commonwealth for the year 1896, and a statement of the assets and liabilities of the Commonwealth at the close of the year 1896.

The report also contains a statement of the receipts and disbursements of the Commonwealth for the year 1895, and a statement of the assets and liabilities of the Commonwealth at the close of the year 1895.

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ALFRED W. HARRIS, Auditor of the Commonwealth.



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Office of the State Auditor  
A. Joseph DeNucci, Auditor

Semi-Annual Report  
August - December, 1988

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# Office of the State Auditor: Authority and Responsibilities

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**T**he Office of the State Auditor (OSA) operates under the direction and control of the State Auditor, an independently elected constitutional officer.

The OSA undertakes to provide the Governor, the Legislature, auditees, oversight agencies and the general public with an independent evaluation of the various agencies, activities, and programs operated by the Commonwealth. The State Auditor is mandated, under Chapter 11, Section 12, of the Massachusetts General Laws, to conduct an audit at least once every two years of all departments, offices, commissions, institutions, and activities of the Commonwealth, including its institutions of higher education, court system and public authorities. Not including special audit projects and requests, the number of entities requiring audit coverage totals approximately 750. The Auditor also has authority to audit the thousands of vendors under contract with the Commonwealth and its instrumentalities, as well as federally aided programs. In addition, the Auditor is responsible, under Chapter 11, Section 6B, of the Massachusetts General Laws, for the Division of Local Mandates, which is charged primarily with determining the financial impact of legislation on cities and towns.

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The OSA conducts both financial and performance audits in accordance with "Government Auditing Standards" issued by the Comptroller General of the United States. These standards are known in the profession both as Generally Accepted Government Auditing Standards (GAGAS) and as the Yellow Book standards.

OSA audit activities include the following objectives:

- Attesting to the fair presentation, accuracy, and reliability of an auditee's financial statements;
- Determining whether the Commonwealth's resources are properly safeguarded;
- Determining whether such resources are properly and prudently used;
- Determining an auditee's compliance with legal and regulatory requirements;
- Evaluating management's economy and efficiency in its use of resources;
- Determining and evaluating a program's results, benefits, or accomplishments; and
- Ensuring that all audit results are fully disclosed to the public and the auditees.

All OSA audit results and recommendations are intended to assist agency and program administrators by indicating areas where accounting and administrative controls, financial operations, program results, and efficiency and effectiveness can be improved, and by providing technical assistance where appropriate. An important component of an audit is the exit conference, during which the auditee is given an opportunity to respond to the audit and its recommendations. In short, the OSA is not simply a critic but is an agent, an advocate, and a catalyst for improved management and delivery of government services.

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## Audit Results, Recommendations, Initiatives, and Corrective Actions: Overview

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**D**uring the report period August 1, through December 31, 1988, the Office of the State Auditor issued 150 audit reports covering: authorities, human service agencies, education entities, and various other state activities. For a complete listing of audit reports, see Appendix I on page 63. In these reports, the OSA disclosed millions of dollars of financial and operational deficiencies and also provided recommendations intended to safeguard the Commonwealth's assets and to improve the effectiveness and efficiency of governmental operations.



## The State Auditor's Determination of Whether Net State Tax Revenues Exceeded Allowable State Tax Revenues (Tax Cap Determination)

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### Overview

Under the provisions of Chapter 82B, MGLa, there is an annual state tax revenue growth limit calculated on the basis of the level of growth in total wages and salaries of the citizens of the Commonwealth. The law requires that the Commissioner of Revenue prepare and submit to the State Auditor a report of the net state tax revenues and the allowable state tax revenues of the Commonwealth. The State Auditor then reviews the report for completeness and accuracy, makes a conclusive determination as to the existence and the amount of any excess of net state tax revenues over allowable state tax revenues, and reports his findings to the Executive branch and the Legislature. Any state tax revenues determined as

Each type of entity audited by the OSA is governed by particular laws and regulations; is required to maintain financial records properly; and, of course, is expected to operate economically and effectively.

### Audit Results

OSA audits are not intended to sensationalize, but to present an accurate appraisal of financial management, legal compliance, and, where appropriate, program effectiveness.

### Agency Compliance Closing Instructions

Audit results and recommendations are important to auditees, and in a majority of instances auditees have indicated a willingness to take appropriate corrective action. Audit results, when viewed in the aggregate, give focus to problem areas for legislators and administrative officials, and, along with critical individual audit results, are also the basis of the OSA legislative and administrative initiatives and recommendations.

### Overview

The following information clearly demonstrates that OSA audits not only have promoted the safeguarding of the Commonwealth's assets but have also assisted auditees in creating solutions that improve their financial and managerial operations.

### Audit Results

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## Revenue Audits

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During the report period, the OSA released four comprehensive revenue audits. Audit activities included: making a determination regarding the existence of any excess of net state tax revenues over allowable state tax revenues (Tax Cap Determination); monitoring the year-end accounting and depositing of collected revenues; ensuring strict compliance with the State Comptroller's accounting instructions; and reviewing non-tax billing and collection procedures to maximize non-tax revenue available to the Commonwealth. The four revenue audits are discussed on the following pages.

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## The State Auditor's Determination of Whether Net State Tax Revenues Exceeded Allowable State Tax Revenues (Tax Cap Determination)

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### Overview

Under the provisions of Chapter 62F, MGLs, there is an annual state tax revenue growth limit calculated on the basis of the level of growth in total wages and salaries of the citizens of the Commonwealth. The law requires that the Commissioner of Revenue prepare and submit to the State Auditor a report of the net state tax revenues and the allowable state tax revenues of the Commonwealth. The State Auditor then reviews the report for completeness and accuracy, makes a conclusive determination as to the existence and the amount of any excess of net state tax revenues over allowable state tax revenues, and reports his findings to the Executive branch and the Legislature. Any state tax revenues determined as excess by the State Auditor must be returned to the taxpayers of the Commonwealth.

### Audit Results

For the fiscal year ended June 30, 1988, the State Auditor determined that net state tax revenues of \$8,269,576,875.83 fell short of allowable state tax revenues of \$8,790,004.42 by \$520,427,167.59. There were, therefore, no excess state revenues for the fiscal year ending June 30, 1988.

*[incomplete figure]*

## Agency Compliance with the State Comptroller's Official Year-End Closing Instructions for Cash and Revenue Management

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### Overview

The OSA observed and reviewed the fiscal 1988 year-end cut-off of cash receipts at 76 state agencies and 19 Registry of Deeds offices to test agency compliance with the State Comptroller's Year-End Closing Instructions regarding the allocation of revenue to the proper fiscal year. The testing was performed to ensure an accurate accounting and recording of revenue collected during fiscal year 1988.

### Audit Results

Except as noted in the examples below, agencies were complying with the year-end closing instructions:

- The Department of Environmental Management, the Division of Insurance, and the State Lottery Commission were not in full compliance with the year-end closing instructions.
- The Hampden County Registry of Deeds was not complying with Section 3 of Chapter 64D of the MGLs, which relates to excise taxes on deeds.



## Audit Results

*Continued*

- Nineteen agencies had prepared cash-receipt documents representing deposits of revenue totalling \$458,294 and had recorded the amounts on the State Comptroller's records. However, the cash had not yet been deposited with the State Treasurer and, therefore, was not available for expenditure and was not accruing interest.
- Eight agencies had not, as of July 19, 1988, entered their final cash-receipt documents totalling \$13,642,177 for fiscal year 1988 into the Massachusetts Management, Accounting and Reporting System (MMARS) as required. Of the \$13,642,177 in revenue, \$13,550,663 was deposited and credited to the State Treasurer. The remaining revenue balance totalling \$91,514 was not so deposited and, therefore, was not available for expenditure and was not accruing interest.

## Prior Audit Results

In comparison with fiscal year 1988, there was overall improvement in adherence to closing instructions. This resulted in more timely collection and deposit of revenues. Specific examples of corrective actions include the following:

- The Commission for the Blind had deposited all revenue on hand with the State Treasurer as of June 30, 1988. This included \$2,525 in 1987 fiscal year revenue which had not been deposited as of June 30, 1987.
- Salem State College took corrective measures with respect to receipts totalling \$183,841 which had not been identified as of June 30, 1987. This money was subsequently identified and deposited in its proper accounts.
- The University of Massachusetts-Amherst had on hand, as of June 30, 1987, revenue totalling \$635,958. The University did not transfer these receipts to the State Treasurer, claiming its personnel had over-transferred receipts to the State Treasurer but had not yet determined the amount of excess transfers. On July 20, 1987 \$553,286 was transferred to the State Treasurer representing the final amount of revenue due to the State Treasurer as of June 30, 1987.



## Agency Compliance with the State Comptroller's Official Year-End Closing Instructions for Encumbrance & Advance-Fund Management

### Overview

The OSA reviewed fiscal year 1988 outstanding encumbrance balances of \$100,000 or more and related outstanding advance funds at 50 state agencies as of June 30, 1988 to determine agency compliance with the State Comptroller's Official Year-End Closing Instructions for Encumbrance and Advance-Fund Management. Of the total dollar value of \$269,790,602 of outstanding encumbrances reviewed, 77% or \$207,892,301 were found to be satisfactorily supported for accounts-payable purposes. The unsupported outstanding encumbrances totaled \$61,898,301 or 23% of the total value reviewed which adjusted the fiscal year results of operations in a favorable manner.

### Audit Results

The OSA disclosed several areas of noncompliance in this audit:

- The Department of Education, Division of Employment Security, Executive Office of Energy Resources, Executive Office of Environmental Affairs, Metropolitan District Commission, Motor Vehicle Management Bureau, and the Office of Management Information Systems did not properly segregate all or part of their 1988 and 1989 fiscal years' encumbrances for their continuing accounts.
- The Department of Mental Health, Massachusetts Commission for the Blind, Massachusetts Rehabilitation Commission, Office of the Chief Administrative Justice of the Trial Court, and Springfield Technical Community College could not provide supporting documentation for all or a portion of their outstanding encumbrances as of June 30, 1988.
- The Office of the Chief Administrative Justice of the Trial Court had not accounted for \$2,243,083 of 1988 fiscal year advance funds because of a delay in receiving advance fund documentation from various courts within the Commonwealth.



## Controlling and Monitoring of Non-Tax Revenue by Various State Agencies

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### Overview

The OSA reviewed the non-tax revenue activity of various agencies and authorities of the Commonwealth as of June 30, 1987 and subsequent review dates. This review was conducted for the purpose of identifying short-term revenue enhancement opportunities, as well as long-term systemic changes. The audit examined 44 state agencies' systems for billing, collecting, depositing, recording and monitoring amounts owed to the Commonwealth. It also made recommendations for improving revenue management in order to ensure that the state maximize its income, cash flow, and interest-earning potential. The review showed that approximately \$600 million in uncollected non-tax revenue was owed to the state, of which \$363 million was realistically collectible.

### Audit Results

The following major audit result categories were identified as a result of the OSA review: repayments owed to the Commonwealth by state authorities; repayment owed to the Commonwealth by the Government Land Bank (GLB) for interest paid by the Commonwealth but also recorded as an expense by GLB; inadequate fees for day camping and seasonal land leases; inadequate accounting and administrative controls; and lost interest earnings. Examples include:

- The Department of Environmental Management (DEM) had not adjusted lease fees for lots at Myles Standish State Forest in Plymouth and at Ashmere Lake in Becket since 1975. The OSA found that the current lease rate of \$150-\$240 per year was in need of review and update.
- The Department of Public Health (DPH) hospitals were without an operational billing receivable system 17 months after the installation of a new computerized billing system and were, therefore, unable to ensure that all revenues were collected and that reimbursements were maximized.
- The Department of Public Works (DPW) had 399 completed construction projects with \$7.2 million of unexpended balances pending final vouchering to the federal government. Two hundred and three of these projects had been completed more than three years ago and are each subject to a \$10,000 federal fine because federal reimbursements were not pursued in a timely manner.



## Audit Results

Noncompliance  
with Tenant  
Selection and  
Rent  
Determination  
Procedures

- The Executive Office of Communities and Development (EOCD) had advanced \$913 million over the past ten years to local housing authorities for construction and modernization. At least \$18.5 million in unused funds from completed projects was available for return to the Commonwealth.
- The Massachusetts Water Resources Authority (MWRA), under Chapter 372 of the Acts of 1984, owes the Commonwealth \$18.4 million as a reimbursement for its first year operating costs.
- The Office of the Secretary of State (SOS) could enhance its collection of revenues from corporate filing fees by \$9.4 million with improved systems of identifying and pursuing delinquent filers.
- The Registry of Motor Vehicles (RMV) had not been processing insurance-cancellation notices in a timely manner. Because of this, an estimated 200,000 individuals were driving uninsured vehicles in violation of MGL, Chapter 90, Section 34J. Enforcement could generate a substantial sum of additional revenue.
- Westborough State Hospital lost its Medicaid certification for the period April, 1986 through April, 1988. If the facility had been certified, the Commonwealth could have received approximately \$5 million in federal reimbursements.

Audit  
Recommendations

The audit results mentioned above have led to the following recommendations for the enhancement of non-tax revenues:

- Require all agencies to bill and rebill all current and past-due receivables on a monthly basis.
- Establish a non-tax revenue task force chaired by the State Comptroller to develop policies and procedures for 1) the management and monitoring of all revenue collection and write-off practices at the secretariat or oversight level, 2) the centralized reporting of revenue earned and 3) the implementation of payment and collection incentives.
- Support enactment of an internal control statute to improve the uniform accounting and reporting practices in the Commonwealth. (see page 57)

Inadequate  
Control Over  
Property and  
Equipment

Several agencies have inadequate control procedures over property and equipment to possible loss or misuse. Several reports identified areas where controls needed improvement:

- Adult Housing Authority's inventory records were not being maintained in accordance with Section 15-5 of EOCD's Accounting Manual. Also, furniture and equipment items did not have tags affixed to them as required. As a result, the potential existed for loss, misuse, or misplacement of equipment.

## Controlling and Monitoring of Non-Tax Revenue by Various State Agencies

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The Department of Housing and Community Development (DHCD) has been conducting audits of various agencies since 1987. The first audit was conducted in 1987 and the second in 1988. The third audit was conducted in 1989 and the fourth in 1990. The fifth audit was conducted in 1991 and the sixth in 1992. The seventh audit was conducted in 1993 and the eighth in 1994. The ninth audit was conducted in 1995 and the tenth in 1996. The eleventh audit was conducted in 1997 and the twelfth in 1998. The thirteenth audit was conducted in 1999 and the fourteenth in 2000. The fifteenth audit was conducted in 2001 and the sixteenth in 2002. The seventeenth audit was conducted in 2003 and the eighteenth in 2004. The nineteenth audit was conducted in 2005 and the twentieth in 2006. The twenty-first audit was conducted in 2007 and the twenty-second in 2008. The twenty-third audit was conducted in 2009 and the twenty-fourth in 2010. The twenty-fifth audit was conducted in 2011 and the twenty-sixth in 2012. The twenty-seventh audit was conducted in 2013 and the twenty-eighth in 2014. The twenty-ninth audit was conducted in 2015 and the thirtieth in 2016. The thirty-first audit was conducted in 2017 and the thirty-second in 2018. The thirty-third audit was conducted in 2019 and the thirty-fourth in 2020. The thirty-fifth audit was conducted in 2021 and the thirty-sixth in 2022. The thirty-seventh audit was conducted in 2023 and the thirty-eighth in 2024. The thirty-ninth audit was conducted in 2025 and the fortieth in 2026. The forty-first audit was conducted in 2027 and the forty-second in 2028. The forty-third audit was conducted in 2029 and the forty-fourth in 2030.

## Authority Audits

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During the report period, the OSA released 102 audit reports: 85 housing authorities, 9 planning commissions, 2 redevelopment authorities, 2 independent authorities, 1 transit authority, 1 building authority, 1 parking authority, and 1 recreation authority. These reports identified several common audit results which, if addressed, will improve the financial management of the authorities, thereby helping to safeguard state and federal funding as well as the interests of public housing tenants and applicants.

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# Audit Results

## Housing Authorities

### Noncompliance with Tenant Selection and Rent Determination Procedures

OSA audit reports disclosed that many housing authorities did not accurately calculate tenant rents or adhere to certain Executive Office of Communities and Development (EOCD) regulations regarding tenant selection. These conditions may result in lost rental income to the authorities, thereby potentially increasing state subsidy payments. These errors also could result in eligible tenants being deprived, either temporarily or permanently, of housing to which they are entitled. Examples include:

- Barnstable Housing Authority did not comply with Housing and Urban Development (HUD) regulations governing the recertification of tenants' eligibility. For example, fifteen folders did not contain Tenants' Income Release and Consent Authorization forms; three folders did not contain signed lease and lease addendum forms; and two folders did not contain annual rent redeterminations. These deficiencies could potentially result either in eligible tenants being deprived of housing or ineligible tenants being placed in public housing.
- Southbridge Housing Authority did not perform annual rent determinations in accordance with EOCD's regulations. Specifically, the authority's rent determination procedures contained four deficiencies: a lack of sufficient documentation in the tenants' files, unallowable deductions for tenants, errors in rent calculations, and an absence of Board of Health certificates. These deficiencies could potentially result in inappropriate placements and lost income to the authority.
- Southbridge Housing Authority did not maintain individual waiting lists for each of the authority's housing programs. In addition, a review of the Master Ledger indicated that the authority could not provide documentation that it had made offers to applicants in the order in which applicants appeared on the waiting list. This deficiency could result in applicants most in need of housing or longest on the waiting list being deprived of placements to which they are entitled.

### Inadequate Control Over Property and Equipment

Authorities that do not follow proper inventory control procedures expose property and equipment to possible loss or misuse. Several reports identified areas where controls needed improvement:

- Athol Housing Authority's inventory records were not being maintained in accordance with Section 15-5 of EOCD's *Accounting Manual*. Also, furniture and equipment items did not have tags affixed to them as required. As a result, the potential existed for loss, misuse, or misplacement of equipment.



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## **Inadequate Control Over Property and Equipment**

*Continued*

- Medford Housing Authority did not conduct annual physical inventories during the time period under review, establish property ledger cards and property inventory lists, or affix identification tags to fixed assets to reflect ownership. As a result, the authority could not be assured that its assets were adequately safeguarded against loss or theft.
- Milton Housing Authority did not comply with EOCD regulations requiring an annual physical inventory of non-expendable equipment.
- Pittsfield Housing Authority did not conduct an annual physical inventory, in violation of EOCD's *Accounting Manual*. In addition, the fair market value of all equipment was not reflected on the authority's financial records. As a result the authority could not be assured that its assets were adequately safeguarded.
- Waltham Housing Authority's Inventories of Fixed Assets did not agree with the Control Accounts in its General Ledger. The Federal Section 8 Fixed Assets Control Account was greater than the supporting list of fixed assets by \$22,136 while the Federal 13-G Public Housing Project list of fixed assets exceeded the General Ledger Control Account by \$11,429.
- Watertown Housing Authority did not update its prior year inventory listings to include fiscal year 1987 purchases of \$54,549; did not record these purchases in the property ledger, and did not tag all its inventory as required by EOCD and HUD guidelines. As a result, the potential existed for loss, misuse, or misplacement of equipment.
- Winthrop Housing Authority did not conduct physical inventories of its property and equipment or update inventory records as required by EOCD in order to ensure that assets are properly safeguarded.

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## **Inadequate Accounting and Administrative Controls**

OSA reports on local housing authorities revealed various recordkeeping and internal control weaknesses that could adversely affect their operations and distort financial statements filed with EOCD. Without proper controls, an authority may incur unnecessary operating deficits or retain excess state subsidy payments, which in either case would potentially decrease funds available for other programs. Examples include:

- Arlington Housing Authority lost potential interest income totalling \$4,839 by maintaining funds for three of its programs in non-interest-bearing checking accounts. In addition, a review of the authority's payroll controls disclosed that authority employees did not prepare timesheets.
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- Fall River Housing Authority, as a result of an incorrect accounting entry, understated its Maintenance Labor Account by \$65,196.
- Franklin County Regional Housing Authority overstated its administrative fees earned from its Section 8 Housing Assistance Payments Program for the fiscal year ended September 30, 1987 by \$4,082, thereby potentially distorting financial statements filed with EOCD.
- Somerville Housing Authority's permanent advances from the individual programs to the Revolving Fund were not sufficient to cover the expenses made by the Revolving Fund on behalf of the individual programs. As a result, the Revolving Fund had a negative cash balance of \$129,826 at year-end.
- Swampscott Housing Authority lost \$2,700 in revenue by not billing tenants for air conditioner use.
- Watertown Housing Authority had only five of the nine housing programs advancing funds to the Revolving Fund each month for expenditures to be made in their behalf. In addition, the amounts permanently advanced to the Revolving Fund were insufficient to meet the average monthly expenses of the programs.
- Winthrop Housing Authority did not maintain a vacancy ledger. Therefore, neither the authority nor OSA auditors could compute potential lost rental income, review the efficiency of the maintenance program, or monitor the tenant selection process. In addition, without a vacancy ledger, there is no permanent record of vacancies and their duration.

### **Inadequate Control Over Rental Collection Procedures**

A strong internal control system over the collection of rental income is essential to ensure that rent collections are maintained on a current basis and that accounts receivable are subject to a collection policy. Money lost through the non-payment of rent necessitates increased subsidies from the Commonwealth to support the local housing programs. Examples during this report period include:

- Fall River Housing Authority did not establish an adequate system of internal control over the collection of rental income. The authority employed a tenant manager for each program to carry out the following responsibilities: collect tenant rents, prepare and deposit daily funds, issue rent receipts to tenants, and perform annual rent determinations. Not segregating these duties creates the potential for loss or misuse of funds.



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## **Inadequate Control Over Rental Collection Procedures**

*Continued*

- Franklin County Regional Housing Authority did not maintain rent collections from its 705 Family Housing Program on a current basis. Thirteen of the 21 tenants were delinquent in paying their rents, thereby creating a receivable in the amount of \$1,664. In addition, eight tenants had vacated their units owing an additional \$1,999 in rent.
- Somerville Housing Authority did not use HUD's current fair-market value in seeking rental assistance from EOCD. As a result, the Authority underbilled EOCD by \$7,860, thereby losing this amount in rental subsidies. Moreover, the authority, despite writing-off accounts receivable during FY 1987, had increased accounts receivable balances by year-end. In addition, balances outstanding for as long as two years may be uncollectable and should be considered for write-off.
- Woburn Housing Authority did not have a collection policy for vacated tenants' accounts receivable balances. Consequently, uncollectable account balances have accumulated on the books, and balances past-due for over two years have not been written off.

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## **Noncompliance with Laws and Regulations**

Several authorities were in noncompliance with various federal or state regulations or statutes. Such noncompliance could result in overspending in areas such as employee travel expenses.

- Franklin County Regional Housing Authority expended \$40,149 more in development costs for Elderly Housing Programs 667-2 and 705-2 than was allowed by its Contract for Financial Assistance (CFA) with EOCD.
- Pittsfield Housing Authority, in violation of the Internal Revenue Code, paid \$1,828 in monthly salary advances to the board chairman before performance of duties.
- Pittsfield Housing Authority, in violation of EOCD budget guidelines concerning travel, made unallowable charges totalling \$886 to its state-aided housing programs for travel expenses such as car rentals, meals, tolls and parking.
- Swampscott Housing Authority had operated since fiscal year 1985 without an EOCD-approved operating budget. Because the authority was not in compliance with EOCD regulations, EOCD had little assurance that the authority's financial resources were being properly and effectively managed.



- Watertown Housing Authority entered into two lease contracts, one for Program 689 provider sponsors and another for a 707 Rental Assistance Program landlord, without gaining EOCD approval, which is required in order to ensure the proper use of project funds.
- Wenham Housing Authority, contrary to its Contract for Modernization, combined the financial records of its Elderly Housing Program 667-1 and its modernization activity into one set of financial records.
- Woburn Housing Authority violated HUD regulations by depositing tenants' security deposits in the General Fund cash account.

#### **Retention of Excess Development Funds**

EOCD is responsible for funding the construction and upkeep of the Commonwealth's public housing units. EOCD administers these programs by advancing hundreds of millions of dollars to local housing authorities, to perform these tasks. Excess money, not returned in a timely manner after a project is completed, denies the Commonwealth the use of these funds that are provided through the sale of bonds on which the Commonwealth pays interest. During the report period, a total of \$458,562 in excess funds was identified.

- Adams Housing Authority, as of June 30, 1987, had on hand a balance of \$33,844 in excess development funds and had made no expenditures from these funds for the past four years.
- Athol Housing Authority had on hand approximately \$7,500 in excess development funds, even though the development phase of the Family Scattered-Site Housing Program had been completed and the units had been occupied for a full year.
- Dalton Housing Authority had on hand \$182,860 in excess development funds left over from a construction project completed in October, 1985.
- Franklin County Regional Housing Authority, as of September 30, 1987, had on hand a balance of \$120,058 in excess development funds left over from the development of Elderly Housing Units completed in 1982.
- Wakefield Housing Authority, as of June 30, 1987, had on hand \$114,300 in unused grant funds.



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## **Delays in Filling Vacant Apartments**

Several housing authorities lost potential revenue through delays in filling vacant apartments, thereby not only necessitating excess subsidies from the Commonwealth, but also depriving eligible low-income persons of the timely use of the housing. During the period covered by this report, \$37,245 in potential rental revenue was lost.

- Brimfield Housing Authority lost \$2,216 in potential rental income due to excessive delays in filling vacant apartments.
- Woburn Housing Authority lost potential rental income estimated at \$35,029 due to excessive delays in preparing and filling vacant apartments.

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## **Noncompliance With Competitive Bidding Laws**

Massachusetts General Laws (Chapter 149, Section 44A) and EOCD regulations require that contracts and purchases of a certain value be publicly advertised. These guidelines requiring competition ensure that the authorities' funds are expended in the most economical manner. Examples of authorities in noncompliance with these requirements include:

- Medford Housing Authority paid a total of \$28,230 for rubbish-removal services that should have been put out to bid. In addition, the authority did not execute a written contract with the rubbish-removal vendor, and thus the authority limited its ability to protect itself against costly charges by the vendor.
- Swampscott Housing Authority expended \$55,642 out of the authority's reserve account for sidewalk and landscaping improvements without obtaining competitive bids.
- Winthrop Housing Authority could not provide competitive bid documents and written contracts to support \$21,787 of plumbing services, nor did it establish written contracts with vendors for general legal services and commissions on washers and dryers.



**Planning Commissions, Redevelopment Authorities, Other Authorities**

**Inadequate Accounting and Administrative Controls**

OSA reports on planning commissions revealed various accounting, recordkeeping, and other internal control weaknesses that could adversely affect their operations and distort financial statements filed with EOCD. Examples include:

- Central Massachusetts and Montachusett Regional Planning Commissions' final reports on the use of grant funds for fiscal year 1987 did not include the required statement of grant fund expenditures.
- Franklin County Planning Department's employee time sheets supporting direct labor expenditures (\$2,004) charged to the fiscal year 1987 grant for the county administrator were missing from the payroll files. Also, employee time sheets pertaining to fiscal year 1988 charges through April 30, 1988 for the county planner (\$1,802) and two planning department interns (\$4,172) did not adequately support such charges.
- Northern Middlesex Area Commission made five erroneous charges totalling \$476 to the Regional Planning Grant during the two-year audit period for direct labor, travel and supplies costs that should have been charged to other programs.

**Noncompliance with Laws and Regulations**

The following planning commissions and redevelopment authority were found to be in noncompliance with applicable laws and regulations:

- Merrimac Valley Planning Commission, in violation of its enabling legislation, failed to bond the Commission's treasurer and assistant treasurer.
- Montachusett Regional Planning Commission did not gain the required approval of EOCD before carrying forward a \$3,908 grant fund balance from 1987 to 1988.
- Palmer Redevelopment Authority's failure to file revised budget and cost estimates with EOCD resulted in the town of Palmer receiving a total of \$1,276,763 in grant reimbursements from the Commonwealth rather than \$839,285 in actual program costs.

## **Noncompliance with the Massachusetts Conflict of Interest Law**

During the report period, the OSA's initial review of certain consulting firms hired by the Massachusetts Water Resources Authority (MWRA) identified potential violations by some consultants and MWRA employees of the Standards of Conduct applicable to state employees under Sections 3 and 23 of Chapter 268A of the Massachusetts General Laws, the Massachusetts Conflict of Interest Law. This law provides that public employees may not use or attempt to use their official positions to secure for themselves or others unwarranted privileges of substantial value and must not act in a manner which would cause a reasonable person, having knowledge of the relevant circumstances, to conclude that any person can improperly influence or unduly enjoy their favor in the performance of their official duties. The OSA report identified several instances where MWRA employees received lunches, dinners, and sporting event tickets from consultants bidding on MWRA contracts.



## Prior Audit Results: Corrective Actions

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A review of prior audit findings is an important component of each OSA audit. This follow-up review helps to monitor and to recognize agency compliance with OSA recommendations. Among the authorities that implemented the OSA's audit recommendations were the following:

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### **Adams Housing Authority**

- The authority returned \$299,906 in excess development funds to EOCD for its completed Elderly and Family Scattered-Site Housing Programs.

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### **Ayer Housing Authority**

- The authority is now issuing the required IRS 1099-MISC income information forms to all landlords and other individuals who receive income payments in excess of \$600 annually from the Authority.

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### **Blackstone Housing Authority**

- The authority has made refunds totalling \$844 to all tenants who were overcharged due to improper rent calculations. In addition, the authority is now complying with EOCD's regulations governing tenants' asset limits for occupancy in order to ensure proper tenant selection.

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### **Dalton Housing Authority**

- The current audit revealed that the authority's tenant files now contain back-up data to substantiate annual rent calculations.

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### **Dartmouth Housing Authority**

- The authority has established a formal cash-management policy to maximize interest earnings on all deposited funds.
- The authority has corrected its financial statements to reflect an accurate year-end financial position.
- The authority has conducted an annual physical inventory and is maintaining appropriate records.

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### **Fall River Housing Authority**

- The authority, subsequent to a prior audit, received EOCD approval for \$33,379 in expenditures from its operating reserve account.

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### **Greenfield Housing Authority**

- The authority has taken steps to improve the documentation of travel expenses and to charge state-aided programs with the proper allowance for meals.
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Prior Audit Results: Corrective Actions

<b>Holliston Housing Authority</b>	<ul style="list-style-type: none"> <li>■ The authority has ceased the practice of allowing unauthorized deductions in the rental calculations of certain tenants.</li> </ul>
<b>Lenox Housing Authority</b>	<ul style="list-style-type: none"> <li>■ The authority is now performing annual inspections of its housing units to certify compliance with state sanitary codes.</li> </ul>
<b>Millis Housing Authority</b>	<ul style="list-style-type: none"> <li>■ The authority is now issuing the required IRS 1099-MISC income information forms to all landlords and private contractors earning in excess of \$600.</li> </ul>
<b>Milton Housing Authority</b>	<ul style="list-style-type: none"> <li>■ The authority has recovered a \$994 overpayment to an architect.</li> </ul>
<b>Southeastern Mass. University Building Authority</b>	<ul style="list-style-type: none"> <li>■ The authority has established a reserve policy that will provide for the use of operating surpluses to reduce room and board rates and to fund proposed capital projects.</li> </ul>
<b>Southwick Housing Authority</b>	<ul style="list-style-type: none"> <li>■ The authority has ceased the practice of discriminating against single-parent families in providing housing to low-income families.</li> </ul>
<b>Westfield Housing Authority</b>	<ul style="list-style-type: none"> <li>■ The authority has revised its overtime work compensation policy to conform to Massachusetts law and has compensated two employees who were collectively underpaid by \$6,131.</li> </ul>
<b>Weymouth Housing Authority</b>	<ul style="list-style-type: none"> <li>■ The authority has ceased depositing modernization funds in its Program 667 checking account, and the funds have been transferred to the modernization account.</li> <li>■ The authority has reconciled its subsidiary ledger for land, structures, and equipment.</li> <li>■ The authority is now complying with the prevailing wage requirements of the federal Davis-Bacon Act.</li> <li>■ The authority has established a procurement policy, a purchase order system, and is maintaining controls over cash disbursements.</li> </ul>
<b>Woburn Housing Authority</b>	<ul style="list-style-type: none"> <li>■ The authority is performing rent determinations properly and is currently working on a new utility schedule.</li> <li>■ The authority is now including a lead-paint clause in its federal modernization contracts.</li> </ul>



## Initiatives

The following is an update on planned OSA initiatives in the area of authority audits:

### Executive Office of Communities & Development (EOCD)

- The OSA is continuing its review of EOCD's budgetary practices to determine how the agency estimates local housing authority subsidy requirements and whether there are excess subsidy funds available at local housing authorities. Excess subsidies restrict the availability of funds for other Commonwealth commitments and can also increase the state's borrowing costs.

### Housing Authorities: Special Services Programs

- Field work is in progress on this review of the procurement of special programs for tenants in public housing. These special programs include educational training, child care, and job training and placement.

### Massachusetts Bay Transit Authority (MBTA)

- The OSA is continuing an audit of the Orange Line reconstruction project. This audit focuses on the MBTA's policies and practices pertaining to the awarding, coordinating, and reviewing of design engineer and construction contracts.

### Massachusetts Convention Authority

- This audit focuses on a review of construction contracts and related expenditures.

### Massachusetts Water Resources Authority (MWRA)

- A series of preventive financial reviews is continuing at the MWRA with special emphasis on current operating policies and procedures. The intent of these audits is to identify costs that the MWRA can avoid so as to minimize water rate increases.

### Inadequate Control Over Property and Equipment

The State Comptroller's Policy Manual requires all state entities to keep complete inventories and to tag equipment in order to ensure that property is safeguarded and used for its intended purposes. Several reports identified areas where controls needed improvement. Examples include:

- The Commission for the Deaf and Hard of Hearing had an inadequate inventory and control system. As a result, the commission could not be sure that its assets were adequately safeguarded against loss or misuse.

## Human Services Audits

During the report period, the OSA released thirteen audit reports pertaining to human services activities. These reports consisted of ten agency audit reports and three audit reports of human services vendors.



## Audit Results

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### Inadequate Accounting and Administrative Controls

OSA audits revealed that several human services entities had deficiencies pertaining to internal control policies and procedures. Specific areas where controls were inadequate included monitoring the revenue cycle for billing, collecting, depositing, and recording amounts owed; reconciling agencies' accounts receivable balances to the amounts recorded on the State Comptroller's Massachusetts Management Accounting and Reporting System (MMARS) reports; and actively pursuing the collection of outstanding accounts receivable balances. Examples include:

- Department of Social Services (DSS) did not have formal guidelines for maintaining employee attendance records in its area offices and regional offices or for requiring written authorization for all payroll deductions from employees' wages.
- DSS did not prepare a trial balance, age the accounts, or maintain a fiscal year 1987 accounts receivable ledger for monies owed to them from payments made to foster care parents after the foster children were no longer in their care. As a result, DSS officials could not document the amounts of foster care overpayments for the three fiscal years ended June 30, 1987.
- The Division of Food and Farm Services within the Department of Corrections lacked adequate control procedures: cash books and the general ledger were not maintained and duties involving receipts, billings, and receivables were not segregated. As a result, the division could not ensure that its transactions concerning cash receipts, billings and receivables were adequately documented and monitored.
- Massachusetts Correctional Institution (MCI)-Warwick needed improvements in its accounting procedures. The institution did not maintain a Budgetary Control Register for fiscal year 1987 for its Maintenance Appropriation Account; did not maintain numerical control over cash receipt slips, and did not prepare and submit profit and loss statements reflecting the results of its Canteen Operations. As a result, the institution could not ensure the accuracy of its accounting records.

### Inadequate Control Over Property and Equipment

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- The Commission for the Deaf and Hard of Hearing had an inadequate inventory and control system. As a result, the commission could not be assured that its assets were adequately safeguarded against loss or misuse.



## Inadequate Control Over Property and Equipment

*Continued*

- The Department of Social Services (DSS) could not locate 36 items, including typewriters, tape recorders, calculators, and a video cassette recorder, which were valued at \$21,502. Moreover, 43 items were lacking tag numbers; 18 items were mistagged; and 263 items were missing serial numbers. In addition, more than 50% of the inventory listings were incorrectly totalled, with the largest variance (\$75,312) occurring in the Springfield Area Office of Region I. As a result of these inventory control deficiencies, DSS could not give assurance that its property and equipment were completely accounted for.
- MCI-Warwick lacked adequate internal controls over its inventory. Many equipment items were not tagged, making equipment difficult to locate and control.

## Inadequate Maintenance of Client/Inmate Funds

Strict monitoring of client/inmate funds is important in order to ensure accurate balances of individuals' accounts, including interest income. The need for improvement over the management of inmate funds was noted in the following instance:

- MCI-Warwick needed to improve controls in order to properly safeguard \$19,700 of inmates' savings bonds. For example, two inmates had bonds totalling \$2,150 that were not reflected on their file cards; monetary balances were not reflected on inmates' file cards; the total of bonds reflected on file cards was not routinely reconciled to the actual count of bonds; and there was no written policy governing the accounting for inmates' saving bonds.

## Revenue Not Maximized

OSA audits disclosed the following instance of an agency not fully maximizing revenue:

- The Department of Mental Health (DMH) unnecessarily spent \$77,491 on vendors used as fiscal intermediaries. Certain vendors with whom DMH contracted for services in 1986 and 1987 provided only a bill-paying service that could have been provided by DMH employees.



## Prior Audit Results: Corrective Actions

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### Deficiencies in Client Care, Health, and Safety Standards

Two OSA audit reports disclosed conditions which potentially threatened either the public health or the health and safety of particular clients:

- The Department of Mental Health (DMH) licensed over 1,000 community-based mental health and retardation programs in which the majority of individuals administering medication to clients were unlicensed and untrained. Allowing unauthorized personnel to administer medication increases the possibility that medication will be misused. Two hundred and nine instances of improper administering of medication were noted, including improper chemical restraint, wrong doses of medication, inadequate documentation of the types and amount of medication given to clients, and inadequate storage of medication.
- DMH, in fiscal year 1987, permitted twelve unlicensed programs to continue operating and provided them with a total of \$2.4 million in funding. These twelve programs had been denied licensure by DMH's Licensing Division because of physical and programmatic deficiencies including unsanitary conditions, poor documentation of client medication, and staffing deficiencies. DMH's funding of unlicensed programs diminished the effectiveness of its Licensing Division's enforcement of regulations for clients' health and safety.
- The DMH Licensing Division's District V Regional Office, covering Southeastern Massachusetts, Cape Cod, and the Islands had not licensed or inspected any of the region's 18 DMH-funded mental health programs during the period covered by the report and had not conducted required annual inspections of 40 mental retardation programs in this region. The OSA inspection of a program site in this region did reveal health and safety deficiencies.
- DMH-monitored fire drills, which are required to be conducted annually at all residential programs, had not, as of May 30, 1987, been conducted at 69 programs, for periods ranging from thirteen months to over three years. DMH regulations and the State Building Code require these fire drills in order to ensure that developmentally disabled clients are able to safely exit the facilities in the event of fire.
- The Department of Public Health (DPH) was unable to ensure that local boards of health were inspecting food establishments under their jurisdiction twice a year as required by Chapter 10 of the State Sanitary Code (105 CMR 596). The OSA review of 78 communities revealed that 709 food establishments were not inspected every six months; 203 were not inspected at all during



## Deficiencies in Client Care, Health, and Safety Standards

Continued

the year reviewed; two communities had not conducted routine inspections of food establishments since 1972; one community had never inspected ten retail food stores under its jurisdiction; and two communities had not employed a health inspector since 1985 and, consequently, had performed no routine inspections of their food establishments since that time. As a result of these deficiencies the OSA did not believe that the Massachusetts Food Service Sanitation Program was operating at a standard which ensured adequate public health protection.

- DPH and the federal Food and Drug Administration (FDA) inspections of 560 food establishments, conducted between 1982 and 1987, revealed that at least 1/3 of these establishments maintained less than "acceptable" sanitation levels. Furthermore, the OSA audit disclosed that on average, DPH and FDA inspectors found three to four times as many health code violations, per inspection, than did local inspectors. Of the 1,439 local inspection reports that the OSA reviewed, 902 (63%) cited no "critical-item" health code violations, and 323 (23%) cited no health code violations whatsoever. In comparison, only 45 of the 560 (8%) FDA and DPH reports reviewed by the OSA cited no "critical-item" violations, and none of these reports failed to cite any health code violations. OSA auditors noted one instance in which, following an outbreak of foodborne illness at a southeastern Massachusetts restaurant, DPH inspectors found 21 health code violations in the restaurant which had, one day earlier, been given a "perfect" sanitary score by local inspectors.



## Prior Audit Results: Corrective Actions

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A review of prior audit findings is an important component of each OSA audit. This follow-up review helps to monitor and to recognize agency compliance with OSA recommendations. Among the human services entities that implemented the OSA's recommendations were the following:

### Department of Social Services (DSS)

DSS has made the following internal control improvements, as recommended in the previous OSA audit:

- DSS is now recording all cash receipts deposited with the State Treasurer in its Central Office's cashbook, thereby eliminating variances between receipts recorded and the amounts received by the State Treasurer.
- DSS had not sent to the State Treasurer all unclaimed monies held for the benefit of any DSS ward whose whereabouts had been unknown for seven years subsequent to the ward's coming of age. A total of \$14,355 from 42 wards had not been forwarded as of the last OSA audit. The current OSA review indicated that these funds have since been transferred and that DSS now purges its file twice yearly of all wards' unclaimed funds.
- DSS has substantially improved its control over travel voucher computations. Errors have been substantially reduced and agency approvals are formally being obtained.
- DSS has complied with the recommendation that contract files at the Regional Offices contain the required information from the proposal review, selection and contract negotiation processes.

### Northeastern Correctional Center

In response to previous audit recommendations, the center has taken the following corrective actions:

- The center has taken the necessary steps to correct accounting deficiencies concerning bank reconciliation practices.
- The center now controls physical property and purchases equipment in accordance with the State Purchasing Agent's procedures.
- The center has stopped the practice of disbursing monies on behalf of another Department of Correction facility.

## Prior Audit Results: Corrective Actions

### Massachusetts Correctional Institution (MCI)- Warwick

MCI-Warwick has strengthened its general accounting controls by taking the following corrective actions:

- MCI-Warwick has implemented the Massachusetts Management Accounting and Reporting System (MMARS).
- MCI-Warwick has consolidated all Department of Correction inmate funds into a single bank account administered by the State Treasurer's Office.

### Worcester State Hospital

The hospital has corrected the three deficiencies which were reported in the previous audit.

- The hospital has taken the necessary steps to provide the proper source documentation for consultant services.
- The hospital has implemented a computerized system to aid in the control of financial operations of its canteen.
- The hospital has updated its inventory records to reflect the tag number, condition, and location of each item.



## Initiatives

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The following is an update on planned OSA initiatives in the area of human services audits:

### Department of Public Welfare: Homelessness Programs

- The OSA is nearing completion of a statewide audit of the Commonwealth's homelessness programs. The audit focuses on availability of services and program effectiveness.

### Department of Social Services and District Attorneys' Offices

- The OSA is examining compliance by the Department of Social Services and the District Attorneys' Offices with the requirements of Chapter 288 of the Acts of 1983, the Child Abuse Reporting Act.

### Department of Social Services: Day-Care Contracting

- The OSA is continuing to review the system at DSS for contracting with day-care providers, as well as methods of provider reimbursement.

### State Institutions: Client/Inmate Funds

- The OSA is conducting two separate audits which examine practices and procedures in place at state institutions for monitoring client and inmate funds.

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## Other Audit Reports

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The remaining 26 audit reports issued during this report period consisted of 2 education audits, 10 judiciary/law enforcement audits, 7 federally related audits, and 7 other reviews. Results from the audit reports are grouped according to common characteristics.

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## Audit Results: Corrective Actions

### Inadequate Accounting and Administrative Controls

Several reports revealed various accounting, recordkeeping, and other internal control weaknesses. Examples include:

- The Bridgewater State College audit disclosed internal accounting and management control weaknesses relating to Student Government Association (SGA) disbursements, Key Fund deposit refunds and parking fund collections. For instance, documentation supporting \$62,136 in disbursements from the SGA lacked bills, invoices, or receipts in 31 of the 46 transactions tested. The OSA determined that several expenditures, including a business trip to Cape Cod, several luxury car rentals, and payment of parking tickets appeared to benefit a small group of students, rather than the student body as a whole.
- The Department of Food and Agriculture of the Executive Office of Environmental Affairs needed to strengthen controls in several areas. Errors and omissions were noted on the employee attendance records of several employees, apparently because certain supervisory personnel were not complying with the department's policy of approving time sheets. Unless attendance records are properly maintained, unauthorized absences may occur resulting in improper salary payments. Other deficiencies included untimely deposits of receipts, cashbook omissions, overdue accounts not referred to the Attorney General, advance funds that accounted for, and inadequate maintenance of the Budgetary Control Register.
- Salem State College needed to improve accounting controls in several areas. Specifically, the OSA found records such as bank statements, the Budgetary Control Register, and cash books that were unreconciled; monthly financial reports were understated by approximately \$1.5 million of trust funds and by \$1.3 million of other Continuing Education monies; expenditures totalling \$75,390 were misclassified; and expenditures totalling \$129,917 were undocumented.
- Worcester Division-Probate and Family Court personnel were incorrectly reconciling bank statements to cash balances, resulting in an unlocated cash variance of \$2,662.



## Inadequate Control over Property and Equipment

Several reports revealed property and equipment inventory deficiencies. As a result, certain auditees could not be assured that their property and equipment were adequately safeguarded against loss or improper use. Examples include:

- The Department of Food and Agriculture of the Executive Office of Environmental Affairs did not maintain its inventory records on a current basis; did not file its physical property reports with the State Comptroller for fiscal years 1985, 1986, and 1987; and did not tag new purchases with control numbers.
- The Division of Marine Fisheries of the Department of Fisheries, Wildlife, and Environmental Law Enforcement did not have adequate internal controls over the inventory of its equipment and had not complied with the State Comptroller's inventory and control manual. As a result, the division could not ensure that the fiscal year 1986 and 1987 reports were correct or that the Commonwealth's assets were properly safeguarded.
- The Office of the Chief Medical Examiner of the Executive Office of Public Safety did not have adequate control over its equipment inventory. The inventory list was incomplete; there was no uniform method of numbering equipment; and the inventory list was not updated to reflect the location of equipment.
- Salem State College did not conduct an annual physical inventory as required by the State Comptroller's inventory control manual, and its inventory list had not been updated. In addition, some property and equipment were untagged, not listed on the college's master file, and not in the proper location.
- Worcester Division-Probate and Family Court's inventory records were not current and were not complete. These records needed to be updated in order to safeguard property and equipment against loss and abuse.

## Revenue Not Maximized

OSA audits revealed the following instances of revenue not maximized:

- Bridgewater State College did not deposit certain funds in interest-bearing accounts. Had these funds earned 5.25%, the interest would have been more than \$24,000 in the two years prior to December 31, 1987.
- Salem State College allowed \$2.1 million of tuition revenue to remain in its main depository account for a period of six months, contrary to Massachusetts General Laws. In addition, this depository account was non-interest-bearing, resulting in a loss of approximately \$50,492 in interest.



## Prior Audit Results: Corrective Actions

A review of prior audit findings is an important component of each OSA audit. This follow-up review helps to monitor and to recognize agency compliance with OSA recommendations. Corrective action, based on OSA recommendations, was taken in the following instance:

### Northwestern District-District Attorney's Office

The results of the OSA's follow-up audit indicate that the office has corrected its prior audit deficiencies as follows:

- Employee time and attendance records are now properly maintained.
- Procedures used to control advance funds are now adequate.
- Responsibility for financial activities has now been segregated.
- The office has strengthened its inventory control system.

## Initiatives

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The following is an update of planned OSA initiatives:

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<b>Contractor Claims</b>	■ The OSA has begun to review the systems in place at certain state agencies that deal with construction contracts. Issues that are being examined include: final voucher payments, estimated completion dates, overruns, extra work orders, and change orders. Field work is underway at the Metropolitan District Commission.
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<b>Depression of the Central Artery/ Third Harbor Tunnel/ North Central Artery</b>	■ The OSA is reviewing the Executive Office of Transportation and Construction's (EOTC) and the Department of Public Works' (DPW) plan of action for these major transportation projects. Auditors will be on-site during all phases of these multi-billion dollar projects, including contract procurement and construction. These monitoring efforts are intended to assist management in keeping the projects on schedule and avoiding cost overruns.
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<b>Court Facilities</b>	■ The OSA is continuing a statewide review of the Commonwealth's court facilities to determine the effect that deterioration and space problems have had on the judicial system. In addition, the OSA will begin a review of county courthouse rental accounts and other related accounts used for the maintenance of the rented facilities, as required under Chapter 203 of the Acts of 1988.
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<b>Processing of Civil Motor Vehicle Infractions (CMVIs)</b>	■ The OSA is continuing a statewide performance audit of the systems in place at district courts for processing CMVIs. Prior audit results have indicated that the state and its municipalities are being deprived of the timely use of substantial amounts of revenue due them for motor vehicle infractions.
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<b>Higher Education Trust Funds</b>	■ The OSA is nearing completion of a statewide review of the uniformity and adequacy of the accounting, reporting and controls over higher education trust funds.
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## Audit Results

### Student Financial Aid Programs

- The OSA is conducting audits of federal student financial aid programs at eight colleges and universities. These audits are being performed to assist in the Single Audit of the Commonwealth's Comprehensive Annual Financial Report.

### Special Education Law (Chapter 766)

- The OSA's Audit Operations and Electronic Data Processing Divisions are assisting the Division of Local Mandates in a major joint comprehensive statewide study of the Commonwealth's Special Education Law (Chapter 766). The study targets areas such as student placement, mainstreaming, the role of educational collaboratives, private school tuition, and state transportation, and focuses on the responsibility of state agencies in ensuring program success.

### Inadequate Control Over EDP Inventory

- The Massachusetts State Lottery Commission had not completed a viable plan to restore data processing operations in the event that processing capabilities were severely damaged. The absence of contingency plans for data processing operations significantly inhibits the lottery's ability to regain processing capabilities should a major disaster occur.
- The Registry of Motor Vehicles did not have a viable plan in place to restore data processing operations should its data center be severely damaged through some catastrophic event. The Registry had a back-up processing site to serve as a temporary replacement facility for its main processing operations. While a plan to restore its data processing operations in the event of a disaster at the Registry was being developed, the Registry had not yet completed the plan and had not yet begun to implement the plan.
- The Massachusetts Bay Community College did not have a current EDP inventory listing. A sizable portion of its May 26, 1998 inventory was classified as unaccounted-for or unclassified. As a result, the college was vulnerable to the loss of costly assets.

## Initiatives

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**Student Financial Aid Programs** • The OSA is continuing its review of the Commonwealth's student financial aid programs at eight colleges and universities. These audits are being performed in part in the State Audit of the Commonwealth's Higher Education System (SAHES).

**Special Education** • The OSA is continuing its review of the Commonwealth's special education programs. This review is part of the SAHES.

**Public Works** • The OSA is continuing its review of the Commonwealth's public works programs. This review is part of the SAHES.

**Depression of the Commonwealth's Debt** • The OSA is continuing its review of the Commonwealth's debt. This review is part of the SAHES.

**Court Facilities** • The OSA is continuing its review of the Commonwealth's court facilities. This review is part of the SAHES.

## Electronic Data Processing Audits

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During the report period, the OSA released five Electronic Data Processing (EDP) audit reports. Recurring audit results included weaknesses in the areas of physical security, inventory controls, and disaster recovery and contingency planning.

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**Processing of Civil Motor Vehicle Infractions (CMVIs)** • The OSA is continuing its review of the Commonwealth's processing of CMVIs. This review is part of the SAHES.

**Higher Education Trust Funds** • The OSA is continuing its review of the Commonwealth's higher education trust funds. This review is part of the SAHES.



## Audit Results

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### Deficiencies in Disaster Recovery and Contingency Planning for EDP Operations

The overall objective of disaster recovery and contingency planning is to ensure continued computer operations for critical and important services in the event of significant disruptions or loss of processing capabilities. Further objectives of contingency planning are to safeguard data, program codes, critical documentation, and computer services; to ensure employee safety; to minimize security exposures and system damage; and to reduce the time required to recover from events which could significantly delay or prohibit processing. Examples of deficiencies in this area include:

- The Regents Computer Network (RCN) did not have a viable plan in place to restore data processing operations should the data processing center lose its processing capabilities or be severely damaged by a disaster. In addition, a back-up processing site had not been designated to serve as a temporary replacement facility in the event of a disaster at the main computer center.
- The Massachusetts State Lottery Commission had not completed a viable plan to restore data processing operations in the event that processing capabilities were severely damaged. The absence of contingency plans for data processing operations significantly inhibits the lottery's ability to regain processing capabilities should a major disaster occur.
- The Registry of Motor Vehicles (RMV) did not have a viable plan in place to restore data processing operations should its data center lose capabilities or be severely damaged through some disaster. The RMV had also not designated a back-up processing site to serve as a temporary replacement facility for its mainframe computers. Without such a plan, a disaster at the RMV computer center could result in the inability to perform critical operations.

### Inadequate Control Over EDP Inventory

The State Comptroller's manual requires that a perpetual inventory of all data processing equipment be established, and that an annual physical inventory be performed by June 30th for purposes of verification. In addition, all data processing equipment should be properly tagged and inventory records should reflect assigned tag numbers. In the following instances, adequate controls were not in place to ensure that data processing equipment was properly accounted for and protected against loss or damage:

- Massachusetts Bay Community College did not have a current EDP inventory listing. A sizable portion of its May 26, 1988 inventory was identified as unaccounted-for or unclassified. As a result, the college was vulnerable to the loss of costly assets.



## Inadequate Control Over EDP Inventory

Continued

- The Regents Computer Network (RCN) did not maintain a perpetual inventory of data processing hardware. In addition, there was no documentation to demonstrate that an annual physical inventory had been conducted. As a result, no accurate method was in place to sufficiently guarantee that computer assets were being accounted for and protected against loss.

## Lack of Written Policies and Procedures for Physical Security

Several OSA EDP Audit reports disclosed that adequate physical security controls were not in place to prevent or detect unauthorized access to data centers. Without adequate physical security, there is risk that unauthorized persons could gain access to data centers, cause loss of, or damage to, equipment, and/or operate the system to alter, destroy, or steal software or data.

- Brockton Housing Authority did not have written policies and procedures regarding data processing security. In addition, access to the computer room was not restricted to authorized personnel; the door to the computer room was left open during the work day; and it was necessary for non-authorized employees to routinely pass through the computer room to reach an adjacent supply storage room. The informal security practices currently employed by the authority could result in security breaches.
- Massachusetts Bay Community College had not completed preparation of policies and procedures regarding physical and environmental security. The computer room was found unlocked, making unauthorized access easily attainable. In addition, although an alarm system was utilized at night, inadequate daytime protection existed for the on-site, back-up storage area.
- The Registry of Motor Vehicles did not have adequate physical security controls in place to prevent or detect unauthorized access to its data center. In addition, no written policies and procedures regarding physical security existed.



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**Inadequate  
Contract Control  
Procedures**

Effective contract control procedures ensure that a project is carried out in accordance with contractual requirements, and that all costs are incurred in a prescribed manner. The EDP audit report of the Registry of Motor Vehicles disclosed the following inadequate contract control procedures:

- The Registry of Motor Vehicles did not keep a contract control register to track and document payments to the various vendors involved in the development and implementation of the Automated License and Registration System (ALARS). As a result of the absence of a payment-tracking methodology, the registry was unable to state the total cost of the ALARS system until after a two-month accounting had been performed. This accounting indicated a cost overrun of \$4 million.

## Prior Audit Results: Corrective Actions

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A review of prior audit findings is an important component of each OSA audit. This follow-up review helps to monitor and recognize agency compliance with OSA recommendations.

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### Massachusetts State Lottery Commission

The Lottery Commission had improved internal controls and practices in the following EDP-related areas as recommended by our previous audit:

- Procedures were developed for computer room security and disposal/distribution of sensitive documents.
- Emergency power cutoffs were installed near exits.
- Controls were instituted over tapes through the use of a tape management system and a tape control log.
- Off-site tape back-up procedures were improved, and security over the back-up storage facility was enhanced.
- Evacuation procedures were developed and posted in the computer room.
- Levels of access to data and passwords were established for use on the recently installed mainframe computer.
- The on-line betting terminal in the computer room was programmed to void any ticket produced by this machine.



## Referrals:

### Audit Initiatives

The following is an update of planned OSA initiatives:

#### Data Processing Survey

- The EDP Audit Section is continuing its data processing (DP) survey of those state entities that are reviewed by the OSA. To date, 599 agencies have been contacted and were requested to provide information on DP operations. Evaluation of DP survey data continues to provide the OSA with pre-audit information to assist in audit scheduling, planning, and performance.

#### Integrated Audits

- The EDP Audit Section is currently conducting integrated audits at Northern Essex Community College and the Stoughton Housing Authority. In addition, EDP is involved in joint reviews with Audit Operations at the Massachusetts Water Resources Authority and is reviewing special education programs with the Division of Local Mandates and Audit Operations.

#### Auditee Requested Audits

- The EDP Audit Section is planning audits of Framingham State College, Berkshire Community College, and the Department of Public Safety, at the request of the auditees.

## Referrals: District Attorneys' Offices

#### Department of Public Works (Worcester)

#### Nantucket District Court

## Enforcement Agencies: Referrals & Requests

**O**SA audits not only assist agencies to safeguard the state's assets but also to better comply with the laws of the Commonwealth.

Because OSA audits may disclose possible violations of state law, the OSA cooperates with various law enforcement agencies such as district attorneys, the Department of Public Health and local health authorities, the Secretary of Public Safety's Office of Investigations, the Attorney General's Office, the Office of the Inspector General, and the State Ethics Commission. In addition, the OSA routinely reports violations of income reporting laws and regulations to the Internal Revenue Service and the Massachusetts Department of Revenue. Finally, during this report period, the OSA was asked by several law enforcement agencies to provide them with technical assistance during specific investigations.

Listed below are referrals made by the OSA to law enforcement and other oversight agencies.



## Referrals:

### Internal Revenue Service & Department of Revenue

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#### Chelsea Soldier's Home

A current member of the Board of Trustees has been occupying a unit in a Chelsea Soldier's Home building since fiscal year 1981 without paying any compensation for its use. The rental cost for the seven and one-half year period totals approximately \$33,000.

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#### Massachusetts Water Resources Authority (MWRA)

Employees of the MWRA received gifts in the nature of meals, tickets, etc., from consulting engineering firms which were bidding on MWRA contracts.

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#### Pittsfield Housing Authority

The authority did not issue the required 1099-MISC income information forms for compensation of \$1,828 and \$731 paid to the Chairman and Vice-Chairman, respectively.

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#### Wenham Housing Authority

The authority did not include payments, totalling \$1,994 to its former Executive Director's Individual Retirement Account (IRA), on the Director's W-2 forms for calendar years 1986 and 1987.

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## Referrals: District Attorneys' Offices

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#### Department of Public Works (Worcester)

The OSA, in conjunction with the Worcester County District Attorney's Office, is continuing to assist in an ongoing investigation of the Worcester Department of Public Works' inventory controls, procurement practices, control of materials and supplies, and contract monitoring.

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#### Nantucket District Court

The OSA reviewed all cash transactions with reference to alleged financial discrepancies at the District Court. The OSA determined that \$5,148 recorded as cash receipts was never deposited in the local depository, and this information was turned over to the Barnstable County District Attorney's Office for use in its investigation.

## Referral: State Ethics Commission (SEC)

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### **Bridgewater State College**

The college's involvement with two separate organizations resulted in certain questionable financial and administrative activities. Therefore, the OSA believed that the SEC should be made aware of the College's relationship with these entities, the Bridgewater State College Foundation and the Bridgewater Alumni Association.

### **Chelsea Soldier's Home**

A current member of the Board of Trustees has been occupying a unit in a Chelsea Soldier's Home building since fiscal year 1981 without paying any compensation for its use and without any formal agreement. The rental cost for the seven and one-half year period totals approximately \$33,000.

### **Massachusetts Water Resources Authority (MWRA)**

Employees of the MWRA received gifts in the nature of meals, tickets, etc., from consulting engineering firms who were bidding on MWRA contracts. This activity was referred to the SEC as a possible violation of the Massachusetts Conflict of Interest Law, Chapter 268A.

## Referral: United States Attorney's Office

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### **Bridgewater State College**

The Bridgewater State College audit, described in detail in the Law Enforcement Requests section (see page 47), was also referred to the U.S. Attorney's Office for any action it felt was warranted under the circumstances.



## Law Enforcement Requests for Special Assistance

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Below are several requests for special assistance that came to the OSA during the report period or were completed during the period. It is important to note that it is inappropriate at this time for the OSA to comment in detail on any ongoing investigation.

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### **Bridgewater State College**

At the request of the Commonwealth's Attorney General and the Assistant Secretary of the Executive Office of Public Safety, the OSA assisted in an ongoing investigation of alleged financial irregularities at the college.

The alleged irregularities and questionable activities of the college's former president regarding a land purchase resulted in a complaint filed in land court by the Bridgewater State College Foundation. As a result of a settlement among the foundation, the bank, and the insurance company, the foundation has regained title to the land.

In addition to the federal government's case against the former president (in which a guilty plea was entered), the Attorney General has brought indictments in Plymouth County against the former president for three counts of larceny, five counts of forgery, and one charge of conflict of interest. The Attorney General has also brought indictments against the former college president in Suffolk County for using his position to allegedly defraud the state of funds.

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### **Criminal Justice Training Council (CJTC)**

At the request of the Executive Office of Public Safety and in conjunction with the Attorney General's Office, the OSA is reviewing the books and records of the CJTC as part of an ongoing investigation of alleged financial and other improprieties at the council.

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### **Department of Environmental Management (DEM)**

At the request of the Commonwealth's Attorney General's Office, the OSA reviewed a series of contracts that are the subject of a civil suit by a private contractor against DEM. This review required analyzing the contracts to determine the value of services performed and the amount of costs that were allowable under the contract terms.

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### **Worcester County House of Correction**

At the request of the Worcester County District Attorney's Office, the OSA is currently reviewing the possible misappropriation of funds at the House of Correction.

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## Division of Local Mandates

**T**he Division of Local Mandates (DLM) was created by Proposition 2 1/2 to help ensure that no cost obligations are passed on to cities and towns by the Commonwealth through new state-mandated programs without state funding. The primary function of DLM is to conduct impartial reviews and cost determinations of any law or regulation passed after January 1, 1981 and also of pending legislation. (For a listing of DLM determinations and cost studies for the period of August, 1988 to December, 1988 see Appendix II, page 69).

In addition to making mandate decisions, DLM dedicated its resources to cost determinations, legislative studies, and reviews, under the Sunset Law, C. 126 of the Acts of 1984, of pre-1981 laws and regulations having a significant financial impact on cities and towns.



## Legislative Studies

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To help prevent unfunded mandates, the Auditor has established a Legislative Review Program to monitor and submit testimony on bills introduced in each session of the General Court that may have a financial impact on cities and towns. The Legislative Review Program also responds to requests from the Legislature to assess the financial effects on cities and towns of proposed laws. The following are legislative proposals for which assistance was provided:

### House 1907

#### **New Wards and Precincts for Voters**

At the request of Senator Patricia McGovern, Chairperson of the Senate Committee on Ways & Means, DLM reviewed House 1907, An Act Reimbursing Certain Towns for the Costs Incurred in the Creation of Additional Precincts.

House 1907 emanated from a DLM determination concerning St. 1987, Chapter 305, An Act Establishing Executive Councilor and Senatorial Districts. Chapter 305 required 65 cities and towns to use new ward and precinct lines, established according to the 1985 census, for the March 1988 presidential primary. Prior to the approval of Chapter 305, state election law provided that the ward and precinct lines prior to redistricting remain in effect until the "...antecedent primary of the first biennial state election...". Had Chapter 305 not been approved, the new precincts would not have taken effect until the September 1988 primary.

DLM determined that Chapter 305 is subject to the local mandate law and that state funding in the amount of \$72,408 is required to compensate 65 municipalities for additional costs incurred during the March 1988 election.

### House 2777

#### **Expanded Economic Development Grant Conditions**

At the request of House Chairman Marilyn L. Travinski, Committee on Commerce and Labor, DLM reviewed draft legislation, An Act Relative to Economic Development to Amend Section 81D of Chapter 41 of Massachusetts General Laws.

This amendment would require municipalities who apply for special grants from the state to prepare and keep on file an "Economic Development Supplement". This supplement must contain the goals of the municipality with respect to industrial or commercial development, affordable housing and preservation of parks and open space.



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**House 2777**

*Continued*

DLM determined, after reviewing this draft legislation, that there was no apparent local mandate impact within the mandate statute. "Special grants" are voluntary grants to be dispersed by the Commonwealth at its discretion. Because municipalities apply for grant funds at their own option, any legally permissible stipulation for grant qualification can be attached by the grantor.

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**House 4286****Air Testing of Firefighter Breathing Apparatus**

At the request of the Chairmen of the Joint Committee on Public Safety, Senator Salvatore Albano and Representative Michael Morrissey, the Division of Local Mandates reviewed House 4286, An Act Relative to Testing of Air Used in Self-Contained Breathing Apparatus for Firefighters, for potential mandate and financial costs imposed on cities and towns.

House 4286 would mandate that breathing-air quality in apparatus be tested monthly. DLM surveyed vendors qualified to test breathing-air quality as specified in House 4286 and estimated the statewide annual costs range from \$217,800 up to \$653,400.

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**House 5867****Increased Compensation for Town Clerks**

At the request of Representative Henry R. Grenier, House Chairman of the Joint Committee on Local Affairs, DLM reviewed House 5867, An Act Further Regulating the Compensation of Town Clerks Who Serve as Registrars of Voters. This bill would provide additional compensation for city and town clerks who also serve as members of the board of registrars of voters.

The Division determined that since House 5867 is an act regulating compensation of municipal employment, the provisions of Article 115 of the Massachusetts Constitution are controlling. Article 115 provides that laws regulating compensation or benefits of municipal employment become local option laws unless enacted by a two-thirds vote in each branch of the Legislature or are funded by the Commonwealth. Therefore, the local mandate law did not apply.

To assist the Legislature in understanding the financial effect of enactment, DLM determined that the potential cost of House 5867 would be \$103,200 statewide on an annual basis.



## Sunset Review

DLM's mission was expanded by the enactment of Chapter 126 of the Acts of 1984, creating the Sunset Review Law. The law requires DLM to periodically review any state law or regulation that has a significant financial impact on cities and towns and make recommendations to the Legislature for continuation, amendment or abolishment. The following report was issued under this provision:

### Chapter 667 of the Acts of 1982

#### Athletic Trainers

The Division of Local Mandates, pursuant to Chapter 126 of the Acts of 1984, and at the request of several municipal and public officials, conducted a Sunset Review of Chapter 667 of the Acts of 1982, An Act Providing for the Licensing of Practitioners of Certain Allied Health Professions. The act created the Board of Allied Health Professions (BOAHP) and established standards for the licensure and activity of individuals practicing athletic training, occupational therapy, and physical therapy within the Commonwealth.

DLM's review focused on rules and regulations governing athletic trainer services in Massachusetts public high schools. The statute requires that any individual performing athletic-training duties (for example: taping, splinting, applying heat and cold, conditioning and injury evaluation) must be licensed by BOAHP.

DLM examined the various problems in implementing the athletic trainer provisions of Chapter 667 in public high schools and explored remedial actions that may be taken. The report, which was issued in November, demonstrates that success in achieving statewide compliance with Chapter 667 requires both statutory and regulatory modification.

The review disclosed that many municipalities across the Commonwealth presently do not meet the state standards established for athletic trainers. Although the law has been in effect for six years, DLM estimated that 74% of the public high schools do not employ or otherwise provide for state-licensed athletic trainers. Because of the limited number of licensed athletic trainers, trainer salary costs, relaxed enforcement of state requirements, and lack of public awareness, public high school student athletes are not afforded the benefits of a licensed athletic trainer. In addition, school districts are exposed to litigation that could amount to millions of dollars should a severe injury be treated inappropriately by an unlicensed individual.

# Chapter 667 of the Acts of 1982

Continued

DLM proposed: 1) creating realistic and attainable standards of trainer competency; 2) providing for grandfathering of unlicensed practitioners; 3) requiring intensive state-sponsored, athletic-trainer education programs; and 4) offering incentive grants to participating cities and towns. These elements, along with their financial components, are presented as proposals to be considered for legislative action. Without modification of the law, full implementation will not be realized, and public high school student-athletes will continue receiving care from unlicensed practitioners.



## Mandate Determinations

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Cities and towns are entitled under the mandate statute to petition DLM for a mandate determination on any post-Proposition 2 1/2 law, rule or regulation believed to impose a municipal cost burden. A listing of all determinations made during this report period is included as Appendix II (see page 69). The following are two examples of determinations that have state-wide interest as well as a significant financial impact on cities and towns.

### Chapter 202 of the Acts of 1988

#### Increased Highway Speeding Fines

At the request of several municipalities and members of the Legislature, DLM reviewed Chapter 202 of the Acts of 1988 which increased fines for various motor vehicle violations. A particular concern was the provision which increased highway speeding fines while not increasing the municipal share of speeding-fine revenue.

A financial review disclosed that Chapter 202 seriously impacted municipal police personnel budgets by increasing costs for the local police overtime required to prosecute the larger number of offenders requesting court hearings.

DLM conducted a survey of 23 district courts which indicated that there was a significant increase in violators' requests for court hearings in the first quarter of fiscal year 1989 when compared to fiscal year 1988. As a result of this increase, police officers had to appear more frequently at these hearings.

The General Court subsequently enacted Chapter 273 of the Acts of 1988, An Act Relative to Motor Vehicle Insurance. Section 61 of that law requires that municipalities receive a 50% share of penalties collected from motor vehicle citations issued within their boundaries. This provision helped support local enforcement of traffic laws and offset increased police court-time expenses, thus alleviating the financial burden created for municipalities by the increased hearing requests resulting from Chapter 202.

### 527 CMR 9.00 et seq.

#### Underground Storage Tank Testing and Removal

DLM was petitioned by 21 municipalities to examine 527 CMR 9.00 et seq, the 1986 requirements of the Board of Fire Prevention Regulations (BFPR) for testing and removal of underground storage tanks. DLM determined that these cities and towns are entitled to \$160,298 in reimbursements from the Commonwealth for costs to comply with these requirements.

The removal regulations mandate municipalities to empty, secure, and remove any locally owned abandoned tanks or those out of service for 6 months. Abandoned tanks that cannot be removed



## 527 CMR 9.00 et seq.

Continued

must be emptied and refilled with inert material. Under a pre-Proposition 2 1/2 law, costs resulting from the removal of leaking municipal tanks are the responsibility of the affected city or town.

Tanks on the premises that hold fuel oil to heat schools and other municipal buildings are exempt from those testing requirements. However, tanks storing reserve fuel oil are subject to the regulations.

In a statewide financial effect study, the Division of Local Mandates projects \$2.8 million in state funding will be necessary to compensate all cities and towns that will be impacted by the new regulations, 527 CMR 9.18(2) [testing], and 9.21(2) [removal]. The testing regulations require cities and towns that own older underground tanks to test these containers for leakage in the 10th, 13th, 15th, 17th, and 19th year after installation, and annually thereafter.

DLM's cost projection was based on data submitted by a sample of 25 municipalities and the city of Boston. Results show the average municipality, excluding Boston, owns six tanks, which are used to store gasoline, diesel fuel or reserve heating oil, and that each tank test costs approximately \$625.

Including Boston, projected statewide tank-testing costs are \$1,134,829 annually. This figure has been adjusted to reflect that an estimated 56% of eligible tanks are 20 years or older and must therefore be tested annually. The remaining 44% are between 10 and 19 years old and must be tested biennially.

DLM's study also indicates that almost every city and town, except Boston, must remove at least two tanks that have either been abandoned or have been out of service for 6 months. Given that private contractors charge approximately \$2,900 for the average tank removal, and including Boston's removal expenses, first year removal costs are \$1,647,309. Because tank removals may be a one-time obligation, future year mandated expenses will most likely decrease.

The Environmental Protection Agency (EPA) has issued Underground Storage Tanks (UST) regulations effective December 22, 1988. DLM is reviewing these federal requirements to determine whether they meet or exceed those imposed by the Commonwealth.



## House 4

## An Act Further Defining the Duties of the Department of the State Auditor

- This bill would provide for a technical redraft of Section 13 of Chapter 11 of the MGLs, the enabling statute of the Office of the State Auditor. The primary intent of the bill is to update obsolete or confusing language, such as incorrect department titles and charges that are confusing or no longer applicable. The legislation would also codify the current practice of conducting audits in accordance with recognized professional standards (Generally Accepted Government Auditing Standards) and, in addition, would authorize the Office of the State Auditor to audit accounts, programs, and activities funded by state grants.

## House 5

## An Act Relative to Improving the Internal Controls Within State Agencies

- This bill would help to ensure uniform accounting and reporting practices in the Commonwealth by establishing internal control standards for state agencies. These standards would define the minimum quality level of operational and administrative functions, and would provide the basis for periodic evaluation and corrective action. This legislation was originally filed in response to repeated audit findings of inadequate internal controls within state agencies. More recently, the OSAs Report on the Controlling and Managing Funds for the Commonwealth recommended enactment of an internal control statute as part of a comprehensive effort to improve the financial management of the Commonwealth.

## House 6

## An Act Extending the Reporting Date for the Filing of Certain Financial Statements

- This bill will extend approximately one month the length of time that state agencies must submit their quarterly financial statements to the Office of the State Auditor to fulfill their reporting obligations under the provisions of Chapter 23B of the MGLs. This time frame is necessary to allow agencies to complete their financial statements in a timely manner, without the need to request additional resources from other state agencies, which may be constrained in a limited budget. Because revenue determinations exceed the cap are not required to be made until the end of the calendar year, this bill is necessary to ensure that the reporting calendar year is extended to the end of the calendar year.

527 CMR 9.00 of

527.

Continued

must be emptied and refilled with inert material. Under a pre-Proposition 2 1/2 law, costs resulting from the removal of leaking municipal tanks are the responsibility of the affected city or town.

Tanks on the premises that hold fuel oil to heat schools and other municipal buildings are exempt from these testing requirements. However, tanks storing reserve fuel oil are subject to the regulations.

In a statewide financial effect study, the Division of Local Mandates projects \$2.5 million in state funding will be necessary to compensate all cities and towns that will be impacted by the new regulations, 527 CMR 9.18(2) [testing] and 9.21(2) [removal]. The testing regulations require cities and towns that own older underground tanks to test these containers for leakage in the 10th, 15th, 16th, 17th, and 18th year after installation, and annually thereafter.

DLM's cost projection was based on data submitted by a sample of 35 municipalities and the city of Boston. Results show the average municipality, excluding Boston, owns six tanks, which are used to store gasoline, diesel fuel or reserve heating oil, and that each tank test costs approximately \$225.

Including Boston, projected statewide tank-testing costs are \$1,134,550 annually. This figure has been adjusted to reflect that 20% of tanks are 20 years or older and must be tested biennially.

## Office of the State Auditor: Legislative Agenda

**T**he legislative package developed and presented to the Legislature by the OSA addresses significant audit results and, additionally, seeks to increase the efficiency and effectiveness of audit operations. The package, therefore, complements aggregate audit recommendations by suggesting corrective actions in a comprehensive and useful manner.

What follows is a summary of bills drafted and filed by the OSA for the 1989 legislative session.



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**House 4      An Act Further Defining the Duties of the Department of the State Auditor**

- This bill would provide for a technical redraft of Section 12 of Chapter 11 of the MGLs, the enabling statute of the Office of the State Auditor. The primary intent of the bill is to update obsolete or confusing language, such as incorrect department titles and charges that are confusing or no longer applicable. The legislation would also codify the current practice of conducting audits in accordance with recognized professional standards (Generally Accepted Government Auditing Standards) and, in addition, would authorize the Office of the State Auditor to audit accounts, programs, and activities funded by state grants.

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**House 5      An Act Relative to Improving the Internal Controls Within State Agencies**

- This bill would help to ensure uniform accounting and reporting practices in the Commonwealth by establishing internal control standards for state agencies. These standards would define the minimum quality level of operational and administrative functions, and would provide the basis for periodic evaluation and corrective action. This legislation was originally filed in response to repeated audit findings of insufficient internal controls within state agencies. More recently, the OSA's Report on the Controlling and Monitoring of Non-Tax Revenue recommended enactment of an internal control statute as part of a comprehensive effort to improve the management practices of the Commonwealth.

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**House 6      An Act Extending the Reporting Date for the Filing of Certain Financial Statements**

- This bill would extend by approximately one month the length of time allowed to the Commissioner of Revenue and, by five weeks, the length of time allowed to the State Auditor to fulfill their responsibilities relative to the tax limitations provisions of Chapter 62F of the Massachusetts General Laws. This time frame is more reasonable and less likely to drain resources from other agency tasks. In addition, easing time constraints in a limited way would not adversely affect the return of money under the Tax Cap, because revenues determined to exceed the cap are not returned to taxpayers until the following calendar year.



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**House 7      An Act Requiring State Agencies to Notify the Division of Local Mandates of Proposed Regulations Imposing Costs on Cities and Towns**

- This bill would help to identify proposed state regulations which impose additional costs on cities and towns. It would also provide that the Division of Local Mandates (DLM), when requested to do so by an administrative agency, assist in determining the financial effect of any proposed regulation. The legislation would neither grant any approval authority to the DLM nor otherwise lengthen the process of rule making set by the Administrative Procedures Act. Its aim is to ensure that agencies formally consider the local financial impact of new regulations.

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**House 8      An Act Relative to the Commonwealth's Contract Debarment Process**

- This bill would provide for a comprehensive redraft of Section 44C of Chapter 149 of the MGLs, the statute that authorizes and outlines the Commonwealth's debarment process. The State Auditor, in his capacity as a member of the Inspector General Council, has recommended four initiatives that would improve the timeliness and overall effectiveness of the debarment process: decentralization of the debarment process, authorization to suspend contractors, improvement in the timeliness of hearings, and an increase in the potential severity of penalties.

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**House 9      An Act Authorizing the State Auditor to Audit Private Foundations of Institutions of Higher Education**

- This bill would authorize the State Auditor to conduct audits of so-called "private" institutions, foundations, or organizations established or controlled by a state college or university. A foundation is closely associated with a public institution of higher education, particularly through use of the name of the school. In many instances, the foundation also employs members of the school and receives money from, as well as disburses money to, the college or university. The intent of this legislation is to ensure that these foundations are subject to the same financial monitoring as other college trust fund activities.



## House 10

**An Act Providing for the Deposit of Unclaimed Money with the State Treasurer**

- This bill, filed jointly with the State Treasurer's Office, would create a centralized fund in the State Treasurer's Office that would serve as a repository for unclaimed funds currently held by the probate courts. This bill, which was filed in response to audit results indicating a need for improved control over, and management of, these funds, provides that the Treasurer's Office establish a statewide program designed to locate missing beneficiaries and to invest any abandoned monies to maximize interest income.

**OSA Financial  
Evaluations  
August 1, 1988  
through  
December 31,  
1988**

Schools	Total
0	12
1	18
1	12
0	9
0	8
1	60

**Active Financial  
Certifications  
As of December  
31, 1988**

Approved Dept. of Education	Pending Dept. of Education
37	2
47	3
7	0
181	4

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## Private Occupational Schools: Financial Evaluations

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**C**hapters 75C, 75D, and 93 of the Massachusetts General Laws require the Office of the State Auditor to annually evaluate the financial position of all applicants for licensure or registration as private business, trade, or correspondence schools. These student protection statutes were enacted to ensure that occupational schools requesting licensure or registration from the Department of Education are financially, as well as academically, qualified to operate in Massachusetts.

Educational institutions, determined by the OSA to be financially responsible, must then secure a bond in the amount recommended by the Office of the State Auditor. These tuition compensation bonds allow students to recover damages resulting from fraud, misrepresentation of student recruitment, or breach of contract.

As of December 31, 1988, there were 135 private occupational schools on the OSA's active file, representing its approval of the annual financial applications filed by 79 business schools, 49 trade schools, and 7 correspondence schools.

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During the period of this report, 6 prospective new schools were determined to be financially qualified for original licensure or registration, while 16 schools were removed from the active file. These 16 schools were either found to have discontinued operations, were determined to be financially ineligible for licensure, or found to no longer fall under the jurisdiction of Chapters 75C, 75D, and 93 of the Massachusetts General Laws. During the period covered by this report, a total of 60 financial evaluations for both currently active and prospective new schools were approved by the OSA as follows:

OSA Financial Evaluations August 1, 1988 through December 31, 1988				
	Chapter 75D Business Schools	Chapter 93 Trade Schools	Chapter 75C Correspondence Schools	Total
August	7	6	0	13
September	10	7	1	18
October	8	3	1	12
November	5	4	0	9
December	5	3	0	8
<b>TOTAL</b>	<b>35</b>	<b>23</b>	<b>2</b>	<b>60</b>

  

Active Financial Certifications As of December 31, 1988			
	Approved- Office of the State Auditor	Approved- Dept. of Education	Pending- Dept. of Education
Chapter 75D-Business Schools	79	77	2
Chapter 93 - Trade Schools	49	47	2
Chapter 75C -Correspondence Schools	7	7	0
<b>TOTAL</b>	<b>135</b>	<b>131</b>	<b>4</b>

During the period of this report, five new schools were determined to be financially qualified for original licensure or registration with the Department of Education. These 10 schools were either found to have discontinued operation or were determined to be financially unqualified for licensure or found to no longer fall under the jurisdiction of the Department of Education. During the period covered by this report, a total of 60

financial evaluations for the period of August 1, 1988 through December 31, 1988 were conducted. The results of these evaluations are presented in the following table.

Active Financial Evaluations		As of December 31, 1988	
Department of Education	Approved	Not Approved	Pending
131	77	47	7
4	0	0	0
135	77	47	7
TOTAL		135	131

  

O&A Financial Evaluations		August 1, 1988 through December 31, 1988	
Department of Education	Approved	Not Approved	Pending
131	77	47	7
4	0	0	0
135	77	47	7
TOTAL		135	131





## Revenue Audits

AUDIT	AUDIT NUMBER	ISSUE DATE
1. Chapter 555-Net State Tax Revenues	89-5555-9	08/15/88
2. Year End Closing - Cash and Revenue Management	88-5002-9	12/30/88
3. Year End Closing - Encumbrance and Advance Fund Management	88-5006-9	12/30/88
4. Controlling and Monitoring of Non-Tax Revenue	88-5014-9	12/21/88

## Authority Audits

1. Abington Housing Authority	89-3273-8	12/28/88
2. Acton Housing Authority	88-3286-8	12/14/88
3. Adams Housing Authority	88-3265-8	10/13/88
4. Arlington Housing Authority	88-3246-8	11/04/88
5. Athol Housing Authority	88-602-6	10/28/88
6. Auburn Housing Authority	88-3253-8	09/02/88
7. Ayer Housing Authority	88-1037-1	08/19/88
8. Barnstable Housing Authority	88-3241-8	10/20/88
9. Bellingham Housing Authority	89-3290-8	11/16/88
10. Blackstone Housing Authority	89-615-1	12/30/88
11. Bourne Recreation Authority	88-844-2	09/20/88
12. Braintree Housing Authority	88-3263-8	10/17/88
13. Bridgewater Housing Authority	88-3277-8	10/13/88
14. Brimfield Housing Authority	88-858-1	11/25/88
15. Brockton Housing Authority*	89-3300-8	12/30/88
16. Brookfield Housing Authority	88-1075-1	10/21/88
17. Cape Cod Planning & Economic Development District	89-1284-2	11/23/88
18. Central Mass Regional Planning Commission	88-574-6	08/12/88
19. Charlton Housing Authority	88-1279-1	08/19/88
20. Clinton Housing Authority	89-653-6	10/18/88
21. Dalton Housing Authority	88-638-1	10/14/88
22. Dartmouth Housing Authority	89-640-1	12/16/88
23. Dedham Housing Authority	88-3261-8	08/25/88
24. Dennis Housing Authority	89-3291-8	12/14/88
25. Dracut Housing Authority	88-3249-8	09/21/88
26. Dudley Housing Authority	88-970-1	09/12/88
27. East Longmeadow Housing Authority	88-647-1	09/12/88
28. Fall River Housing Authority	88-3243-8	11/09/88
29. Fitchburg Housing Authority	88-3230-8	09/23/88
30. Fitchburg Redevelopment Authority	88-656-1	11/10/88

\*Integrated with EDP Audit



## Human Services Audits

DATE	AUDIT NUMBER	AUDIT	AUDIT NUMBER	ISSUE DATE
		31. Framingham Housing Authority	89-3279-8	12/30/88
		32. Franklin County Planning Department	88-577-6	09/02/88
		33. Franklin County Regional Housing Authority	88-3244-8	09/23/88
		34. Granby Housing Authority	89-667-1	12/16/88
		35. Great Barrington Housing Authority	88-668-1	08/19/88
		36. Greenfield Housing Authority	88-3272-8	12/07/88
		37. Holliston Housing Authority	88-677-1	08/31/88
		38. Hopedale Housing Authority	89-680-1	12/21/88
		39. Hopkinton Housing Authority	89-681-1	12/28/88
		40. Lancaster Housing Authority	89-687-1	10/27/88
		41. Leicester Housing Authority	89-691-1	12/28/88
		42. Lenox Housing Authority	88-692-1	09/14/88
		43. Leominster Housing Authority	88-3266-8	09/21/88
		44. Lowell Housing Authority	88-3245-8	11/21/88
		45. Ludlow Housing Authority	88-697-1	09/09/88
		46. Lynnfield Housing Authority	89-860-1	10/28/88
		47. Malden Housing Authority	88-3232-8	09/08/88
		48. Mass Water Resources Authority - Consulting Firms	88-4018-3	11/10/88
		49. Maynard Housing Authority	88-3267-8	09/23/88
		50. Medford Housing Authority	88-712-1	11/15/88
		51. Mendon Housing Authority	88-716-1	11/15/88
		52. Merrimack Valley Planning Commission	89-576-2	11/17/88
		53. Metropolitan Area Planning Council	89-56-2	12/15/88
		54. Middleborough Housing Authority	89-3314-8	12/27/88
		55. Millbury Housing Authority	88-724-1	09/07/88
		56. Millis Housing Authority	88-725-1	09/07/88
		57. Milton Housing Authority	88-3254-8	10/19/88
		58. Monson Housing Authority	89-726-1	12/21/88
		59. Montachusett Regional Planning Commission	88-1299-6	09/14/88
		60. Montachusett Regional Transit Authority	88-1038-6	10/07/88
		61. Nantucket Housing Authority	89-584-1	12/28/88
		62. Nantucket Planning & Economic Development Commission	89-580-2	11/30/88
		63. Natick Housing Authority	88-3236-8	09/01/88
		64. New Bedford Housing Authority	88-3242-8	08/25/88
		65. North Andover Housing Authority	88-3260-8	09/14/88
		66. North Brookfield Housing Authority	88-901-1	09/07/88
		67. Northern Middlesex Area Commission	89-578-2	12/29/88
		68. Palmer Redevelopment Authority	88-753-1	12/30/88
		69. Pembroke Housing Authority	89-3289-8	12/09/88
		70. Pittsfield Housing Authority	89-757-6	11/17/88

## Revenue Audits

ISSUE DATE	AUDIT NUMBER	AUDIT	AUDIT NUMBER	ISSUE DATE
		71. Plymouth Housing Authority	89-3275-8	12/27/88
		72. Southeastern Massachusetts University Building Authority	88-211-6	12/29/88
		73. Salem Housing Authority	88-3238-8	09/01/88
		74. Somerville Housing Authority	88-3213-8	08/01/88
		75. Somerville Housing Authority (Follow-Up)	88-3213-8A	10/19/88
		76. Southborough Housing Authority	89-875-1	12/28/88
		77. Southbridge Housing Authority	88-750-6	12/30/88
		78. Southeastern Regional Planning & Economic Development District	89-1296-2	11/23/88
		79. Southwick Housing Authority	89-783-1	12/16/88
		80. Springfield Parking Authority	89-781-2	10/26/88
		81. Sudbury Housing Authority	89-830-1	10/21/88
		82. Swampscott Housing Authority	88-792-1	08/30/88
		83. Taunton Housing Authority	88-3250-8	10/13/88
		84. Templeton Housing Authority	88-872-1	09/22/88
		85. Uxbridge Housing Authority	88-798-1	08/19/88
		86. Wakefield Housing Authority	88-3220-8	08/22/88
		87. Waltham Housing Authority	88-3271-8	12/09/88
		88. Warren Housing Authority	88-3270-8	09/21/88
		89. Watertown Housing Authority	88-3264-8	12/30/88
		90. Wellesley Housing Authority	88-3269-8	12/27/88
		91. Wenham Housing Authority	88-832-1	10/27/88
		92. West Boylston Housing Authority	88-1278-8	09/23/88
		93. Westfield Housing Authority	89-3302-1	11/29/88
		94. Westfield Housing Authority	89-3287-8	12/07/88
		95. Weymouth Housing Authority	88-3252-8	11/16/88
		96. Weymouth Housing Authority	88-3255-8	11/21/88
		97. Winchendon Housing Authority	88-3233-8	08/25/88
		98. Winthrop Housing Authority	88-822-1	12/30/88
		99. Woburn Housing Authority	88-3227-8	10/20/88
		100. Woods Hole, Martha's Vineyard and Nantucket Steamship Authority	88-587-6	10/18/88
		101. Worcester Regional Transit Authority	88-880-6	08/12/88
		102. Yarmouth Housing Authority	89-3276-8	11/30/88



## Human Services Audits

ISSUE DATE	AUDIT NUMBER	AUDIT	AUDIT NUMBER	ISSUE DATE
		1. Chelsea Soldiers' Home	88-6005-9	11/07/88
		2. Commission for the Deaf and Hard of Hearing	88-302-1	12/30/88
		3. Department of Mental Health - Licensing Division	88-1080-3	11/18/88
		4. Department of Public Health - Restaurant Inspection Program	87-290-3	08/04/88
		5. Department of Social Services	87-1058-2	11/07/88
		6. Division of Food and Farm Services	88-1267-1	12/29/88
		7. LUK Crisis Center, Inc.	88-4014-3	10/28/88
		8. Mass. Rehabilitation Commission	88-4011-3	09/27/88
		9. Massachusetts Correctional Institution - Warwick	88-153-1	10/14/88
		10. Northeastern Correctional Center	88-1314-1	09/23/88
		11. Stavros Foundation, Inc.	88-4016-3	11/08/88
		12. Valley Opportunity Council	88-4010-3	08/31/88
		13. Worcester State Hospital	88-269-1	08/12/88

## Other Audits

		1. Boston Environmental Protection Agency Grant	88-3201-1	08/24/88
		2. Boston Environmental Protection Agency Grant	88-3202-1	08/24/88
		3. Bridgewater State College	88-6007-9	08/26/88
		4. Commission on Interstate Cooperation	88-6014-9	10/21/88
		5. Department of Environmental Quality Engineering - Hazardous Materials Emergency Response Contract	89-6003-9	12/15/88
		6. Department of Food and Agriculture	88-2001-7	12/29/88
		7. Department of Public Safety - State Police Mileage Rate Certification	88-306-9	08/04/88
		8. Division of Marine Fisheries	88-282-1	12/29/88
		9. Dudley District Court	88-1186-1	10/19/88
		10. Executive Office of Economic Affairs - CETA Grants	88-6004-9	08/04/88
		11. Fall River Environmental Protection Agency Grant	88-3209-1	08/24/88
		12. Gardner District Court	88-1183-1	10/27/88
		13. Interim Report 2-Health Care Programs	88-5016-9A	09/30/88
		14. Lancaster Environmental Protection Agency Grant	88-3210-1	08/24/88
		15. Nantucket District Court	88-1196-6	12/29/88
		16. Nantucket Probate & Family Court	88-1233-6	09/22/88

## Other Audits

AUDIT	AUDIT NUMBER	ISSUE DATE
17. Nantucket Superior Court	88-1121-6	09/22/88
18. Northborough Environmental Protection Agency Grant	88-3208-1	08/24/88
19. Northwestern District Attorney's Office	88-1260-1	08/31/88
20. Office of the Chief Medical Examiner	88-1309-1	12/30/88
21. Pittsfield District Court	88-1173-1	11/29/88
22. Salem State College	87-184-1	11/16/88
23. Special Audit for Attorney General's Office	88-6013-9	09/26/88
24. Worcester Environmental Protection Agency Grant	88-3206-1	08/24/88
25. Worcester Environmental Protection Agency Grant	88-3207-1	08/24/88
26. Worcester Probate & Family Court	88-1229-1	11/07/88

## Electronic Data Processing Audits

1. Brockton Housing Authority*	89-3300-8	12/30/88
2. Mass Bay Community College	88-196-4C	10/31/88
3. Mass. State Lottery Commission	88-89-4I	10/11/88
4. Regents Computer Network	88-1270-4C	12/29/88
5. Registry of Motor Vehicles	88-511-4I	12/14/88

\* Integrated with Financial Audit.



## Appendix II

### Division of Local Mandates: Determinations & Cost Studies

Other Audits

LAW, REGULATION, OR LEGISLATION	ISSUE
527 CMR 9.00 et seq.	Testing and Removal of Certain Underground Storage Tanks
527 CMR 25.00	Obstructions and Hazards in Certain Buildings and on Public or Private Ways
Chapter 361, Acts of 1986	Benefits for Survivors of Public Safety Officials Killed in the Line of Duty
House 4286	An Act Relative to Testing of Air Used in Self-Contained Breathing Apparatus for Firefighters
530 CMR 2.00	Installation of Automatic Sprinklers in High Rise Buildings or Structures
Chapter 425, Acts of 1984	An Act to Facilitate Voter Registration
Chapter 617, Acts of 1987	Notice of Polling Place Designations to Registered Voters
Chapter 354, Acts of 1987	An Act Requiring Insurance Coverage for Plumbers and Gas Fitting Contractors
310 CMR 36.00 et seq.	Appointing a Local Water Resources Management Official
Chapter 759, Acts of 1987	An Act Regulating Smoking in Public Buildings
310 CMR 40.620(2)	Draft Regulations for Recovering DEQE's Administrative Expenses at Hazardous Waste Disposal Sites
310 CMR 19.00 et seq.	Leachate Management System Requirements at Municipal Landfills
Executive Order 276	State Implementation of Title III, SARA, Federal Right-To-Know Act
House 5867	An Act Further Regulating the Compensation of Town Clerks Who Serve as Registrars of Voters
Division of Law Enforcement Letter Permit # LP 30-88	Disposal of Dead Deer Killed on Municipal Roads



## RESULT

## FUNDING

Mandate, statewide cost estimate for Joint Committee on Natural Resources and Agriculture

\$160,298 in deficiency determinations to Executive Office of Public Safety for funding consideration; \$2,800,000 statewide cost determination for Legislative consideration

Mandate, awaiting cost documentation

\$2,250,000 statewide cost estimate to State Fire Marshal's Office for funding consideration

Mandate, statewide cost estimate for Senate and House Committees on Ways and Means, Taxation

\$289,716 FY 1987-FY 1989 estimated costs for Legislative consideration

Mandate, statewide cost estimate for Joint Committee on Public Safety

\$217,800 - \$653,400 statewide cost estimate for Legislative consideration

Mandate

\$2,482 in deficiencies ; contacted Fire Safety Commission for state funding commitment

Mandate

\$846 in FY 1987-FY 1988 deficiencies to Secretary of State for funding consideration

Mandate, awaiting cost documentation

\$850 cost imposed upon cost certification; deficiency determination will be issued

Mandate, potential to impose costs

Submitted results of sample survey of cities and towns for Legislative consideration

Mandate, awaiting cost documentation

Upon cost certification, deficiency determination will be issued

Mandate, awaiting cost documentation

Upon cost certification, deficiency determination will be issued

Mandate, submitted comments to DEQE

Offered to discuss feasibility of an administrative or statutory remedy with DEQE

Mandate, awaiting cost documentation

Upon cost certification, deficiency determination will be issued

Mandate, advised Executive Office of Public Safety of mandate concerns

Offered to discuss feasibility of an administrative remedy with EOPS

No Mandate, issue involves Article 115 of the State Constitution

\$103,200 statewide cost determination for consideration by House Committee on Local Affairs

No Mandate, pre-1981

Not applicable

LAW, REGULATION, OR LEGISLATION	ISSUE
Chapters 363, 394, 628, 683, 711, Acts of 1987	Health Insurance Benefits for Municipal Employees
Chapter 202, Acts of 1988	Increased Fines for Certain Motor Vehicle Violations
310 CMR 30.00	Increased Environmental Controls Imposed on Scrap Metal Shredding Companies
333 CMR 11.04: 2(c)	Regulations Relative to the Application of Herbicides on Right of Ways
G.L. C.90, S.8A 1/2	Equipment and Licensing Requirements for School Transportation
House 2777	Municipal Economic Development Planning Requirements
950 CMR 52.01 et seq.	Polling Place Accessibility for Elderly and Handicapped Voters
State Department of Public Health: New Vaccine Usage Reporting Format	Inventory, Monitoring and Storage Procedures for Vaccines for School Children
Massachusetts Water Resources Authority: Proposed Policy and Procedures for Water Supply Contract Approval	Renegotiation of Water Supply Contracts
G.L. C.21E, S.9	Oil and Hazardous Material Releases into the Environment
310 CMR 22.22 (s)(F)	Installation of Backflow Prevention Devices at Certain Town Buildings
360 CMR 10.045	Public Notification of Violators of Federal Sewage Pretreatment Standards
Chapter 616, Acts of 1985	An Act Relative to the Compensation of Local Assessment Committee Members
105 CMR 170.000 et seq.	Upgrading of Local Ambulance Services
114.3 CMR 27.00	Rate Setting Commission: Requirement for Submission of Cost Report from Municipal Ambulance Providers
950 CMR 54.03	Regulations Requiring Ballot Secrecy Sleeves at State and Local Elections



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RESULT	FUNDING
No Mandate, issue involves Article 115 of State Constitution; under litigation	Not applicable
No Mandate, indirect costs; law was amended to increase funding for local implementation	Not applicable
No Mandate, indirect costs	Not applicable
No Mandate, local acceptance	Not applicable
Mandate	Offered support for legislative solution
No Mandate, condition of acceptance of State Grants	Not applicable
No Mandate, federal requirement	Not applicable
No Mandate, federal requirement	Not applicable
No Mandate, not applicable; MWRA insulated from Proposition 2 1/2	Not applicable
No Mandate, pre-1981; statutory authority under G.L. C.21, S.27(14)	Not applicable
No Mandate, pre-1981	Not applicable
No Mandate, not applicable; MWRA insulated from Proposition 2 1/2	Not applicable
No Mandate, pre-1981; statutory authority under G.L. C.21D	Not applicable
No Mandate, local acceptance	Not applicable
No Mandate, RSC amended ruling to provide for local option	Not applicable
No Mandate, no cost imposed	Not applicable

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LAW, REGULATION,  
OR LEGISLATION

SYNOPSIS

REMARKS

Chapters 262, 265, 266,  
267, 268, 269, 270, 271, Acts of 1987

Chapter 262, Acts of 1988

215 CMR 20.00

223 CMR 11.04, 101

G.L. C.90, S.5A, 10

Regen 2777

230 CMR 22.01 et seq.

State Department of Public  
Health, New Vaccine Usage,  
Reporting Format

Massachusetts Water  
Resource Authority  
Proposed Policy and  
Procedures for Water  
Supply Contract Approval

G.L. C.41B, S.8

210 CMR 23.27 (a)(7)

240 CMR 10.043

Chapter 216, Acts of 1975

235 CMR 170.000 et seq.

214.3 CMR 27.00

240 CMR 24.03